

## Technocracy

● Not since *Coué* and *Mah Jong* has anything caught on so quickly. It is the talk of America today. But how many of us—who glibly mouth the new patter of ergs, joules, and calories, and shudder at the fate of our vaunted civilization—how many of us know exactly what this price system is that the Technocrats have declared obsolete? What are the fundamentals of economics on which our capitalistic structure stands?

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Volume LXXXVII

Number Two

# REVIEW OF REVIEWS AND WORLD'S WORK

Edited by ALBERT SHAW

## The Progress of the World

Lost Motion During the "Interregnum", 15 . . . Extra Session Can Hardly Be Avoided, 16 . . . Character and Services of Calvin Coolidge, 16 . . . Few Presidents Have Survived to Ripe Old Age, 17 . . . Smith, Coolidge, and a Woman of Influence, 18 . . . Changes for the Worse or for the Better?, 19 . . . Repeal and Beer Measures in Congress, 20 . . . Continuity Assured in Foreign Policy, 21 . . . Looking on at Conflicts in China, 22.

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## Our Authors

• • ROSCOE POUND is the famous dean of the Harvard University Law School, holder of numerous honorary degrees, and member of foreign societies of learning. Many times an author along the lines of his life work—the law—Dean Pound was born in Lincoln, Nebraska, in 1870. His father was an eminent judge. The dean once directed a botanical survey of Nebraska, by way of versatility, and in 1929 he was a member of President Hoover's National Commission on Law Observance and Enforcement.

• • EDGAR ALGERNON ROBERT CECIL, first viscount of Chelwood, was born in 1864 to a career of public service. Educated at Eton and Oxford, he served in Parliament, worked for woman suffrage, held a post during the war as minister of blockade. In 1919 he was chairman of the Allied Supreme Economic Council. Since that time he has worked strenuously for the League of Nations, for peace, and for disarmament by international agreement. He has held British cabinet portfolios; and helped draft the Covenant of the League.

• • J. HORACE MCFARLAND is a life-long Pennsylvanian, a self-styled "master-printer" of Harrisburg. Interested in trees and flowers, he has edited magazines and lectured on civic, scenic, and horticultural topics. He has always been actively interested in social welfare work and in municipal and state-betterment planning.

• • MARLISE JOHNSTON is a member of the *REVIEW OF REVIEWS AND WORLD'S WORK* editorial staff. A native of Illinois, she has had publishing experience in Florida, and educational experience in various colleges and universities of California, Ohio, and the East. Her observations on unemployment relief are the fruit of personal investigation.

• • WILLIAM JAY HALE is a chemist, born in Ohio and now resident in Michigan. He studied at Miami, Harvard (Ph.D.), at the Technische Hochschule of Berlin, and at Goettingen. He was chairman of the Division of Chemistry and Chemical Technology, National Research Council, at Washington, D. C. He is now director of organic chemical research for the Dow Chemical Company, in Michigan. He is, incidentally, professionally famous in many foreign lands—as a protracted list of scholarly societies testifies. He has written extensively, and is the patentee of important chemical-manufacturing processes.

• • SAMUEL MONTGOMERY KINTNER was born in New Albany, Indiana, in 1871. He graduated from Purdue University as an electrical engineer, and proceeded to engage in teaching and scientific research. Joining Westinghouse in 1903, he pursued additional advanced research. Later he engaged in radio pioneering of vital importance, re-joining Westinghouse after the war. He became vice-president of Westinghouse (in charge of research and engineering work) in 1931.

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## Chemistry Triumphant

Chemistry Triumphant,  
by William J. Hale.  
Williams & Wilkins,  
Baltimore, 151 pp. \$1.

**T**HIS YEAR 1933 marks the observance of a Century of Progress since Chicago was an outpost of civilization, a hamlet of log houses on the site of Fort Dearborn. In connection with the Exposition that will open in Chicago next June, there is already being published a number of small volumes in what is called the Century of Progress Series. Each one of these books is the work of a specialist, authoritative enough for the veteran in the field of science but simple enough for the layman. The whole project is under the auspices of the Advisory Committee of the National Research Council, and in particular charge of Dr. Henry Crew, professor of physics at Northwestern University.

It is with the volume entitled "Chemistry Triumphant," just now appearing, that we are concerned here—first, because it is the work of Dr. Hale, who pens an answer to Technocracy in the pages that follow; and, second, because it is a fascinating story of a revolution through which we are passing almost unawares. The chemist, exploring in uncharted fields during the past twenty years, has exerted profound effect upon the foods we eat, the clothes we wear, the houses we live in, and upon the whole structure of modern industry.

Dr. Hale recalls the first great upheaval in civilization, the Mechanical Revolution of 1780 to 1825, marked by the invention of the steam engine. His second great upheaval is the Chemical Revolution of 1914 to 1932. This later cataclysm was brought about by what he describes as "the increasing replenishment on a large scale of nature's output by direct chemical adaptations springing from the genius and industry of man."

The status of chemical industry in America in 1914 was infantile, the author says. The period just following the World War chronicles our chemical awakening and marks our realization that all industry is basically chemical. The author devotes chapters of his book to mining, to agriculture, to manufacturing, and to transportation—all recognizing tremendous strides that have been made by chemistry in the past two decades, and all looking ahead into a future with chemistry triumphant.

In the field of metals he sees the Steel Age come to an end with the year 1932; and what he terms the Magal Age has already begun. Magal is a word coined

from the beginnings of the words *magnesium* and *aluminum*. We let Dr. Hale tell about it:

"Magnesium and aluminum have now been made to take on superior hardness particularly by heat treating. In fact this hardness makes them capable of replacing some of the older types of steel. . . . The price of steel at 2 cents per pound still holds advantages over aluminum at 20 cents, but aluminum must be rated at 7 cents per equalized volume, as it has only one-third of the specific gravity of steel. The now reduced price of magnesium at 30 cents per pound is at once equalized with aluminum at 20 cents, as magnesium has only two-thirds the specific gravity of aluminum. Thus at 7 cents per unit volume of magal, against 2 cents for steel, and the soon to be instituted lower prices for these metals, there is less and less chance for old-fashioned steel to withstand the competition."

The author would have passenger and freight cars constructed of nickel-chrome steel, magnesium-aluminum alloys, and plastics. A freight-car monstrosity of today, weighing 45,000 pounds, should not exceed 15,000 pounds if properly built. Instead of hauling 1½ pounds of train for every pound of freight, we would use not more than ½ pound of train—"thus making a reduction of about one-third in our cost of transportation." Rubber wheels and roller bearings for railroad cars he visions as a certainty of the near future.

In the field of agriculture Dr. Hale talks with the emphasis on achievement rather than on possibilities. The old-time threefold scope of agriculture—shelter, raiment, and food—has not lost significance; but a fourth factor has come to the fore, which is destined to outstrip the others: the supply of raw materials to the chemical industry.

**L**UMBER is no longer the ideal building material. For exterior purposes brick, tile, cement, and steel offer greater advantages; for interior purposes wall board and plastics are fast replacing wood trim. The author's home of the future will be constructed of a plastic mixture (wood flour, perhaps, with condensing nuclei of organic chemical molecules) employed in association with rustless steels and light weight alloys.

In the matter of raiment, artificial silk has already attained wide use, and a wood substitute for cotton even now influences the price of the main crop of the South. Dr. Hale is cheering, however, in his prediction that "the farm still holds the future of raiment and, if

properly directed, will supply these raw materials in steady and gainful output."

Above all, the food factor of old-time agriculture maintains its pristine status. In fact it is advancing steadily through diversification, and the total annual per capita poundage consumption of food products has remained almost constant. The author's scientific remedy for the troubles of agriculture is a system under which the farmer will make output-per-acre contracts with surrounding industries capable of consuming or reconvert ing his output. He would encourage the farmer to produce all he can, of everything he can, on as small an acreage as is commensurate with his immediate and surrounding markets.

**F**OR the far South the author sees promise in tung-oil trees. Slightly northward he would grow ramie, or China grass, for the strongest known natural fiber. To the west he would still grow cotton. Farther northward he would grow long-leaf and loblolly pine (admirably suited in ten years for paper pulp), together with pecan and other nut trees, sweet potatoes, and peanuts. In the middle tier of states he would cultivate hybrid poplar for short-pulp fiber, and also a great variety of fruit trees and vegetables. Westward there would be soy bean and corn, for oil and starch. Most important here would be the Jerusalem artichoke, for levulose sugar. Levulose is a fat producer but does not have the diabetic ill-effects of sucrose (cane or beet) sugar. It is one and a half times sweeter.

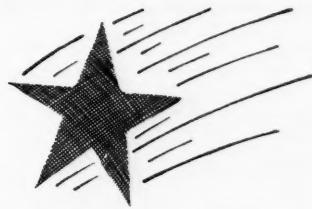
The central and north central region will continue as our great wheat belt. Corn the author reduces to its chemical values. You see a farmer delivering corn under contract to the chemical markets, and receiving immediately a drawback, gratis, in the form of a residual mass—a press cake—representing 23 pounds of gluten food for every 56-pound bushel of corn. This gluten food is particularly suited for fattening hogs.

The prerequisite for such transactions is a countless number of chemically operated plants with which the farmer can deal by direct contracts. Unless the agriculturist is willing to dispose of his products strictly on a chemical basis, there can never be hope for agriculture.

It is a thought-provoking tale, this story of the triumph of man in a chemical world. The reader acquires a feeling that the author is ruthless. Away with the old, search out for the new! But Dr. Hale is nevertheless reassuring: the greatest era of happiness and prosperity is dawning.

*Continued on page 8*

# LOOK



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## The World of Books

Continued from page 6

### The Changing Scene—and the Future

Recent Social Trends in the United States, A Report of the President's Research Committee on Social Trends. McGraw-Hill, 2 vols., 1568 pp. \$10.

REVOLUTION, or a necessary strengthening of our present social fabric through coördination of governmental, economic, scientific, and educational forces—which does America want? Must a choice be made?

The President's Research Committee on Social Trends believes a choice is imperative. Since 1929 this organization of seven members, with the aid of 500 experts, has been studying those phases of American life which are undergoing change. In book form, the results of this work may constitute the most important volumes ever published in America. The possible future effects, if the recommendations are followed, are stupendous, and could conceivably change the course of the nation.

The Committee finds that in economic life, in government, in education, in science, and in religion, important changes are occurring. But—and it is here that danger lies—changes do not occur in some fields as rapidly as in others. "It is almost as if the various functions of the body or the parts of an automobile were operating at unsynchronized speeds. Our capacity to produce goods changes faster than our capacity to purchase; employment does not keep pace with improvement in the machinery of production; interoceanic communication changes more quickly than the reorganization of international relations; the factory takes occupations away from the home before the home can adjust itself to the new conditions."

The hypothetical automobile with unsynchronized parts would break down under the strain. A society whose moving parts—its social trends—move in undetermined paths at varying rates of speeds, may also break down. The social trends must move in concert.

To effect this synchronized rate of change, the Committee suggests that "there might in time emerge a National Advisory Council, including scientific, educational, governmental, economic (industrial, agricultural, and labor) points of contact, or other appropriate elements, able to contribute to the consideration of the basic social problems of the nation. Such an agency might consider some fundamental questions of the social order, economic, governmental, educational, technical, cultural, always in their interrelation, and in the light of the trends and possibilities of modern science.

"It is clear that the type of planning now most urgently required is neither economic planning alone, nor governmental planning alone. The new synthesis must include the scientific, the educational, as well as the economic

(including here the industrial and the agricultural) and also the governmental. All these factors are inextricably intertwined in modern life, and it is impossible to make rapid progress under present conditions without drawing them all together."

There are alternatives to this synthesized planning. We can drift forward, making "some readjustment as time goes on." Or there can be a form of government by dictatorial systems.

"Unless there can be a more impressive integration of social skills and fusing of social purposes than is revealed by recent trends, there can be no assurance that these alternatives with their accompaniments of violent revolution, dark periods of serious repression of libertarian and democratic forms, the proscription and loss of many useful elements in the present productive system, can be averted.

"Fully realizing its mission, the Committee does not wish to assume an attitude of alarmist irresponsibility, but on the other hand it would be highly negligent to gloss over the stark and bitter realities of the social situation, and to ignore the imminent perils in further advance of our heavy technical machinery over crumbling roads and shaking bridges. There are times when silence is not neutrality, but assent."

The meat of these two volumes lies in the first seventy-five pages. In them the Committee offers its conclusions. The remaining pages contain the reports on which the conclusions are based. There are twenty-nine of these reports—ranging from "The Population of the Nation," through "Education," to "The People as Consumers," and "Government and Society." It is not easy reading, but it will be studied by those who are more than casually interested in the march of events and are sincerely concerned with the nation's future.

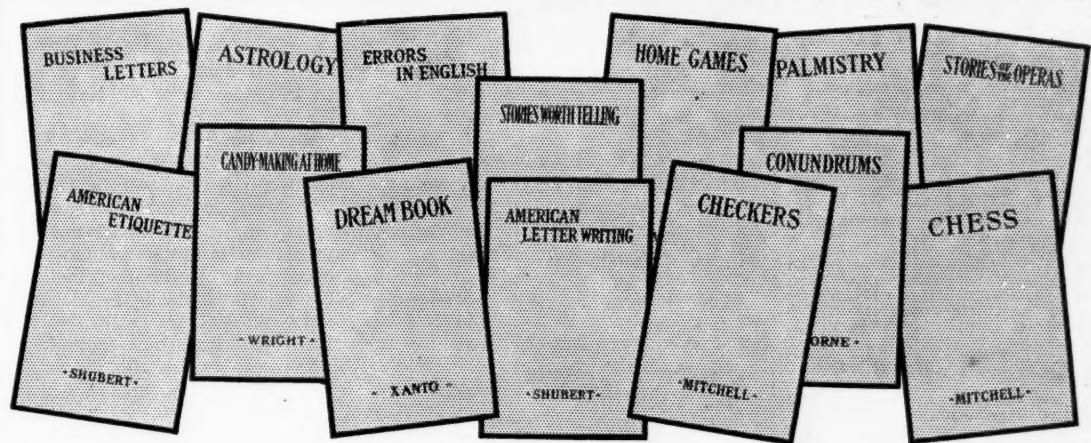
To all those who contributed to the success of the Committee's Work, and to the Committee itself, the volumes will be a lasting credit. Americans may some day have occasion to feel that President Hoover's conception and inauguration of the work marked one of the high-points in his presidential career.

### Germ of Geneva

Development of the League of Nations Idea, by Theodore Marburg. Macmillan, 2 vols. 886 pp. \$8.

HERE are two volumes of intensely interesting correspondence, dealing with the ideological gropings which preceded the formation of the League of Nations at the close of the World War. Theodore Marburg, of Baltimore, was a prime mover in the international movement; and with him, among others, was associated Hamilton Holt, now president of Rollins College, Florida. The League to Enforce Peace, virtual forerunner of

Continued on page 10



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## The World of Books

Continued from page 8

the League of Nations, was organized June 17, 1919, with William Howard Taft as president. Mr. Marburg, who had been minister to Belgium in the Taft administration, became the able chairman of the foreign organization committee—and the great work had begun.

The Marburg letters, pertaining to the League, come from and go to a veritable galaxy of notables in all countries save those of the Quadruple Entente. This, probably, was an error; for Matthias Erzberger and other liberals of Mitteleuropa were enthusiastic over the international ideal as expressed by a League of Nations. Such men as Liebknecht, Rathenau, Einstein, Ludwig, Zweig, or Feuchtwanger were ultra-international. The Marburg letters, whose compilation constitutes a great achievement, were edited by the late John H. Latané, of Johns Hopkins University. His is a real contribution to contemporary history. (Dr. Latané was this reviewer's college faculty adviser.)

The Allies embraced the League idea on January 10, 1917; but wise little Switzerland had endorsed the plan a month earlier. Spanish approval followed immediately after that of England and France. The first letter of this earnest series, dated August 10, 1914, is addressed to President Wilson by Mr. Marburg, who was then in England. The last letter, dated December 31, 1923, is addressed to Mr. Marburg by Lord Robert Cecil, an active leader in League affairs. To Volume Two there are extremely valuable addenda, largely documentary and covering a wide variety of League topics. This book set, complete, is recommended to those interested in international relations. It constitutes a memorable work.

### No Unemployment?

The Abolition of Unemployment, by Frank D. Graham. Princeton University Press, 99 pp. \$2.

OVERPRODUCTION, Professor Graham believes, cannot be blamed for the depression. There can be no general over-production until every citizen has all he desires. Our troubles lie in underconsumption, due to the citizen's inability to gratify his desires.

To put men at work so they can attend to their own needs, the author would form an Emergency Employment Corporation. This body would rent idle plants capable of producing America's needed products. Cash to pay rent and buy raw materials would be obtained through sale of "consumption certificates," redeemable only in goods produced under Corporation auspices; and wages would be paid in these same certificates.

Their value would be based on the value of an hour's unskilled labor. Hoarding would be discouraged by decreasing the value—in goods—of certificates held by the same person more than a month. They would circulate in a

self-contained group producing for its own needs and distributing its output on the same basis as would prevail in the ordinary course of our normal economic life."

This plan is not advanced as a way of eliminating depressions, but as a way of eliminating unemployment during depressions. It would not continue active operation in periods of prosperity, but would be instantly available if needed. Noteworthy is the fact that in several respects it confirms the tenets of Technocracy. Like that school of thought, it has found important champions. If for no other reason, this is an important book because it mirrors the growing determination to get down to brass tacks and attempt to find a solution for our pressing problems.

### Briefer Comment

• • VOLUMES Seven and Eight of the magnificent "Encyclopedia of the Social Sciences" have now appeared. Volume Seven opens with Gossen (the German economist) and closes with *Industrial Relations Councils*. Volume Eight runs from *Industrial Revolution* to *Labor Turnover*. Dr. Edwin R. A. Seligman is editor-in-chief of the undertaking, which has been appearing volume by volume since 1930. Dr. Alvin Johnson is associate editor. This monumental set is published by Macmillan, at \$7.50 per volume. To the student of sociology it is almost indispensable.

• • IT WOULD BE hard to find a man better qualified to write "The Stock Exchange: Its Economic Function" than H. G. S. Noble, former president of the New York Stock Exchange. His book is an illuminating pro argument on the need and purpose of organized security markets in our modern economic life. (Harpers, \$1.50.)

• • EMIL LUDWIG has added another celebrity to his formidable list. He has bearded Mussolini in his Roman den. Ludwig likes the Man, although he cannot fail to question the Method. Mussolini, it seems, is a tragic figure—the glorified freebooter of the Renaissance. The character analysis is profound; and for once Il Duce receives neither fulsome praise nor whole-hearted condemnation. The Italian leader, it is interesting to note, frankly acknowledges his borrowings from Soviet Russia in various fields of endeavor. Both Fascism and Communism are avowedly collective; and both unite in their denunciation of liberal individualism as practiced in France, England, and the United States. "Talks with Mussolini" (Little, Brown, \$2.75) is well up to the standard of Ludwig's past performances. Perhaps it is his very best.

• • SUBMISSION to state conventions, says Joseph Percival Pollard in "The Road to Repeal," is the best method to follow in doing away with the Eighteenth

Amendment. State conventions met to accept the Constitution itself; and the author believes that they are the constitutionally correct way of permitting the people to express themselves on this particular change in the document. (Brentano's, \$2.)

• • CHARLES GRAY SHAW, who wrote "The Road to Culture," has compassed in one volume the story of man and his activities from the dawn of time to the present. "The Surge and Thunder" (American Book Company, \$4) is an absorbing story of how and why we have become what we are.

• • "ANNALS of American Bookselling, 1638-1850," by Henry Walcott Boynton, is an informal story of the little-known beginnings of what has become an important American industry. American publishing began when Harvard University received a small press from the widow of an English printer—Jesse Glover—who died on his way to colonial shores. The story continues through Parson Weems (who seems to have been a bookseller as well as a biographer of Washington) and Franklin—to mention only two names. The book ends in what the author calls the Boston Renaissance, largely influenced by the *Atlantic Monthly* and the still-flourishing Little, Brown & Co. (John Wiley, \$3.)

• • OXFORD UNIVERSITY Press has issued two volumes which together form excellent reference and critical material on what is bound to be considered an important year in history: "Survey of International Affairs, 1931," by Arnold J. Toynbee and V. M. Boulter (\$6); and "Documents on International Affairs, 1931" (\$4) by John W. Wheeler-Bennett and Stephen Heald. Sir Arthur Salter writes the introduction for this last.

• • THE UNITED STATES Census contains a wealth of hidden material that is invaluable to manufacturers and advertisers. To make these pertinent figures readily available, the E. Katz Special Advertising Agency has compiled various tables and comparisons, and offers the result in "A Summary of the United States Census of 1930." (\$2.50.)

• • ARTHUR W. PAGE and six associates have combined to make "Modern Communication" (Houghton Mifflin, \$2.75) an interesting account of one of the most important phases of life today. The radio, telephone, talking pictures, and the prospects for television all come in for their share of attention. Widespread use of television, apparently, is not likely to occur in the near future. Mr. Page some years ago left the editorship of *World's Work* to become a vice-president of the American Telephone and Telegraph Company, in charge of public relations.

• • "YOUNG WOMAN of 1914," by the great Arnold Zweig, is a sequel to his famous "Sergeant Grischka." It paints a vivid portrait of wartime Germany, and of the rebellion of liberal sentiment against the relentless military machine.

Continued on page 13



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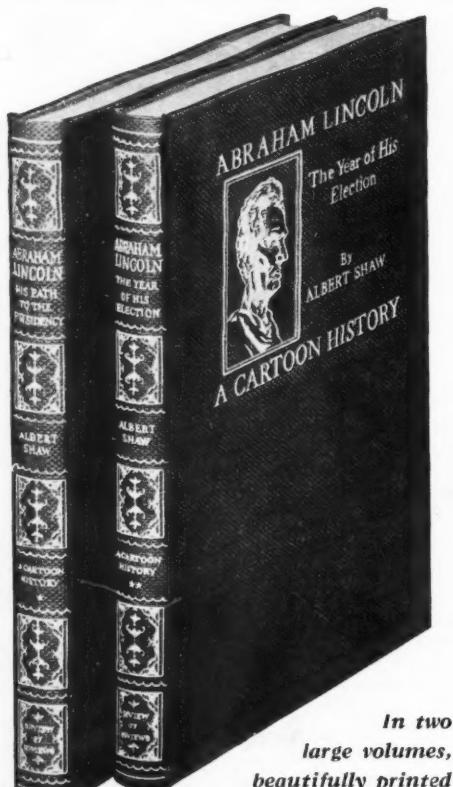
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FRANK O. LOWDEN  
*Former Governor  
of Illinois*

MY eleven-year-old son, lured by the cartoons, has devoured the volumes. In fact, their dual appeal to father and son has been inconvenient. When I have wanted them they have been missing from my library, and I have had to go to my son's rooms to find them.

GLENN FRANK  
*President of the  
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## The World of Books

Continued from page 11

of Ludendorff and the haughty Junker caste. Two more books by Zweig will complete a tetralogy which should be studied in every school as an effective antidote to the curse of *Militarismus*. This reviewer frankly considers that the works of Arnold Zweig outrank those of Erich Remarque in their skilful and readable presentation of certain eternal verities. (Viking, \$2.50.)

• • • It is claimed that Max Planck, of the University of Berlin, ranks second only to Albert Einstein as a physicist. In "Where is Science Going?", translated by James Murphy, he sets out to determine "a firm foundation upon which our outlook on the world in general can be scientifically based." It is a book that comes highly recommended, for the great Einstein himself writes the prologue. (Norton, \$2.75.)

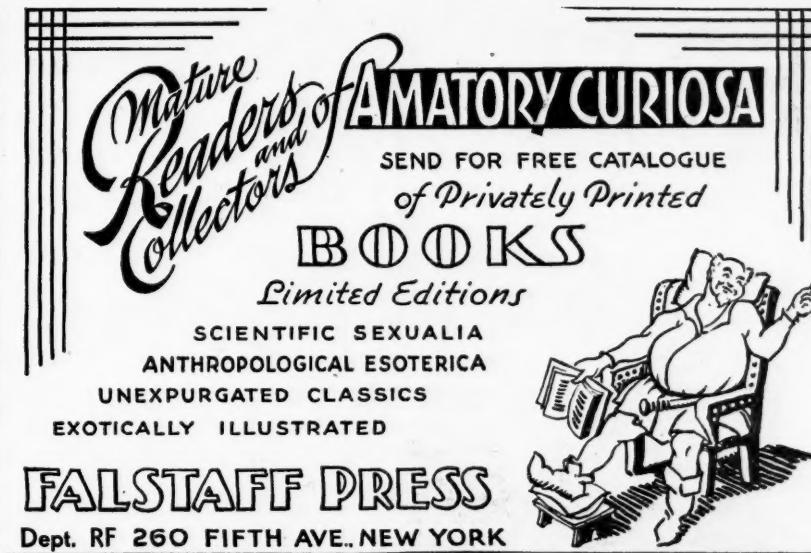
• • • THE two final volumes of Leon Trotsky's "History of the Russian Revolution" (Simon & Schuster, \$3.50 each) continue the vivid story of an event already historic. Volume II centers about the events of July, 1917, when the Bolsheviks approached power. Volume III tells the dramatic story of the great Russian upheaval in October.

• • • "MAN AND METALS" is not merely the story of metal through the ages. It is the story of civilization as it has revolved around the pursuit of buried treasure. T. A. Rickard comes from a family of leading English mining engineers, and his work plainly shows knowledge of the subject. (Whittlesey, 2 vols., \$10.)

• • • "PEOPLE OF 1932," by E. W. Elmore, is a concise treatise on retail advertising. Written from the author's sales-promotion experience in the retail field, the book is practical and interesting. (E. W. Elmore, Memphis, \$1.)

• • • AUSTRIAN diplomacy, it seems, dragged a bewildered Germany at its chariot wheels from the annexation of Bosnia (by Austria) in 1908 till the declaration of war on Serbia (by Austria) in 1914. "Austro-German Diplomatic Relations," by Oswald Henry Wedel, (Stanford University Press, \$3) is a remarkable study of the problems of co-operation during those critical years. The "bumpkin" diplomats of the new Germany had a slavish admiration for the aristocratic steersmen of age-old Austria, with all their airs and titles. It was too bad for ramshackle feudalism to lead up-to-date efficiency!

• • • THE growing movement to treat criminals "extra-murally"—by probation—should interest every citizen interested in wise treatment of criminals. "Probation and Criminal Justice," edited by Sheldon Glueck of the Harvard Law School, assembles the views of international authorities on the whole subject. (Macmillan, \$3.)



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# REVIEW OF REVIEWS

AND

## WORLD'S WORK

Vol. LXXXVII, No. 2

FEBRUARY, 1933

### ◦ THE PROGRESS OF THE WORLD ◦

By ALBERT SHAW

**Lost Motion  
During the  
"Interregnum"**

NEVER WITHIN the memory of any living American has there been so much actual embarrassment as that of recent weeks over the handling of public policies during the interval between the popular November election and the inauguration in March. The slightest hint, whether authentic or doubtful hearsay, emanating from Franklin D. Roosevelt, has been telegraphed, telephoned, broadcast, and publicized in every known manner throughout the land. At one time Mr. Roosevelt has seemed coy and evasive. At another time he has seemed concerned and responsible. It is announced that "the lid is on," and that Mr. Roosevelt is doing nothing and saying nothing about foreign and domestic policies, until he takes the oath of office on March 4.

But just when this is declared with apparent finality, the Democratic leaders in both Houses of Congress are summoned to New York for a long evening conference with the gentleman who is universally called the President-elect, for reasons that are practical though not technical. He was visited on January 8 by Senator Walsh of Montana and Governor Pinchot of Pennsylvania, and it was said to the reporters on his behalf that these gentlemen were making strictly social calls. But Senator Walsh came away stating without hesitation

that important pending policies were under discussion, including beer and balancing the budget.

Everyone knows that Mr. Roosevelt must be giving thought to these questions; and also everybody knows that he has the right to confer as much as he pleases, and without having all his fellow-countrymen present, as often as he listens or as often as he speaks, in the privacy of his own home.

When Mr. Norman Davis returned from Europe he reported promptly to President Hoover and Secretary Stimson. He then visited Governor Roosevelt. Mr. Davis had been abroad for a good many months, representing the United States at Geneva and elsewhere in the disarmament movement, and helping about the plans for the forthcoming Economic Conference. He is one of a group of younger men who were trained in large public affairs during the Wilsonian period. He is an international authority of the first rank. On January 9 Secretary Stimson visited Mr. Roosevelt in New York by invitation. Mr. Stimson is also in the first rank of men of international experience and authority. The man who is to succeed President Hoover could not make any mistake in talking freely and frankly with such men as Mr. Davis and Mr. Stimson, who have no partisan thought or feeling when they consider the world-wide relationships of the American government.



SECRETARY STIMSON DISCUSSES FOREIGN POLICY WITH PRESIDENT-ELECT ROOSEVELT.

Mr. Hoover had hoped that he and Mr. Roosevelt might agree upon a method of dealing with the debts owed the United States by foreign governments. The President favored reconstituting the debt commission for further negotiation. This seemed practical, because the consent of Congress had become essential to any further proceedings. Mr. Roosevelt preferred conferences with European governments through ordinary diplomatic channels. Behind the scenes the two modes of approach would not have been greatly different.

If there could not be coöperation in dealing with questions of foreign policy, it was soon discovered that it would be still more difficult to secure understandings about taxation and budget-balancing. Mr. Hoover and Mr. Mills were convinced that we ought to try a sales tax. The Democratic leaders in Congress had favored this last year, and it was supposed that everybody would come to it in the present session. Quite unexpectedly, however, Mr. Roosevelt informed the Democratic leaders that he did not favor the sales tax.

This created great confusion of mind. He brought them to New York, and they went away with the impression that he desired a large increase in the normal income-tax rates. The proposal created a storm, with a threatened Democratic stampede in Congress. Then we were told that the suggestion came from the leaders themselves and not from Mr. Roosevelt. These comments are not intended to criticize anybody, least of all the next occupant of the White House. We are merely showing how difficult it is, in times like these, when public business ought to be expedited, to accomplish anything having the appearance of courage and efficiency, with the White House trying vainly to carry on, while the Congress leaders in both Houses are more or less baffled in their constant endeavors to get what more humble politicians would call the "low-down" from Hyde Park.

#### **Extra Session Can Hardly Be Avoided**

a few calls on the heads of European governments. But the arguments against such a plan, especially at this time of year, were conclusive. As it turns out, therefore, we have before us, in the most striking way, an object-lesson in favor of the pending Norris Amendment that every intelligent citizen can understand. With so many legislatures now in session we may be assured that the amendment will be ratified by a sufficient number of states, within the next few weeks. We have previously published the list of seventeen approvals; and nineteen more were necessary.

The Norris Amendment, as we have explained before, will practically do away with extra sessions of Congress, and will under all ordinary conditions make it unnecessary to bring the expiring Congress into session after the election of its successor. If this amendment had been passed two years ago we should not have had the present session of the old Congress. The new Congress would have assembled on January 4. The President would have been inaugurated on January 20. Congress would have had to change the date of the canvassing of the electoral vote. The electors, now meeting in their state capitals two months after the

popular voting, might far better be required by law to meet early in December. The first duty of the new Congress after organizing (in the presidential years) would be to canvass the electoral votes, because there would be an interval of only sixteen calendar days between the assembling of Congress and the installation of the new President.

If this amendment had already been in force, the new President, finding the newly chosen Congress already in session, would have been obliged to swing at once into the saddle, and meet public issues with boldness and energy. There is danger that a good deal of Mr. Roosevelt's momentum will have been lost, and that his prestige will have suffered somewhat, in the bright lights, half lights, yellow mists and black fogs of the tiresome waiting period between the 8th of November and the 4th of March. For a number of weeks it was reported every day or two that Mr. Roosevelt was seeking to avoid a special session of the new Congress. He was said to be hoping that this indecisive "lame duck" session would pass a makeshift tax bill, and render it possible for the new President to go along by himself, with no Democratic Congress on hand to help or hinder, until next December.

But it was the clear purpose of the country not alone to bring in Mr. Roosevelt and his Administration, but also to bring in, for the earliest possible activity, a new Congress with strong Democratic majorities in both Houses. A special session, early in April, is needed and expected. In our judgment Mr. Roosevelt will make a serious mistake, therefore, if he should try to compromise with this lame-duck session (the Republicans holding the Senate chairmanships) as a means of preventing a meeting of his new Democratic Congress until thirteen months after its election.

It is true that the Seventy-third Congress is likely to be radical, and to try some drastic experiments. But it could hardly be more radical than were Mr. Roosevelt's own suggestive campaign speeches in Kansas and other western places. If he should seem to be afraid of the results of his own victory, his prestige would ooze away. He might seem to be leaning first upon his eastern conservative friends, then upon the extremists who had been invited to desert the Republican cause and find hospitality in his camp.

#### **Character and Services of Calvin Coolidge**

FEW PRESIDENTS have worked with such steadfastness under hard conditions as President Hoover. He has taken very few days for relaxation and rest during his term. He spent about ten days, including Christmas and New Year's, on a fishing trip off the coast of Florida. He came back to protest convincingly against the refusal of Congress to support his plan for the reorganization of departments, bureaus, and standing commissions. It was evidently impossible for this lame-duck session to coöperate either with President Hoover or with the man who is soon to take office as the thirty-second President.

Mr. Hoover's return was saddened by the news, on January 5, of the sudden death of Calvin Coolidge. When Mr. Coolidge came to Washington, as Vice-President, he accepted President Harding's invitation to take a seat at the meetings of the Cabinet. In that group was Mr. Hoover as the new Secretary of Com-

merce, Mr. Hughes as Secretary of State, Mr. Mellon as head of the Treasury, Mr. Weeks as Secretary of War, and Mr. Wallace of Iowa as Secretary of Agriculture. When Mr. Coolidge became President on the death of President Harding, he grew to rely greatly upon several members of the Cabinet. With one change after another in the Administration group, the relations between Mr. Coolidge and Mr. Hoover became increasingly intimate, and most significant as regards trends of policy.

Mr. Coolidge died suddenly of a heart attack at his home in Northampton, Mass. He was buried at Plymouth Notch, Vermont, among the hills where he had grown up, and with which his life had continued to be associated. The newspapers for several days were so full of details regarding Mr. Coolidge's career and characteristics that all our readers are freshly informed about the life story of this typical American. After his graduation at Amherst College he had studied law and made his home in the city of Northampton in western Massachusetts. He had taken part in the local government, had gone to the legislature, and had filled successive positions until Massachusetts rewarded him with the governorship.

It is customary for the New England states, especially Massachusetts, to try out public servants in this way. There can be little doubt about the private and public qualities of a man who climbs the local ladder of political preferment until he becomes the chief executive of the Commonwealth of Massachusetts. Immediate circumstances had something to do with the sudden action of the Republican convention of 1920 in making Mr. Coolidge the nominee for Vice-President. But the readiness of the convention to accept him, unanimously and without hesitation, was a tribute to the general belief that he would make good in any post of responsibility. The utterances of Mr. Coolidge were usually sententious and direct. He was not in manner or address a bland and affable person, of the cosmopolitan stripe. But along with his silent ways and his lack of the tastes and interests of men who had traveled widely, and become versatile in literature, art and science, Calvin Coolidge carried himself with dignity, surrounded himself with able advisers, and made remarkably few mistakes. In the presidential office, common sense and shrewd judgment are safer and better qualities than intellectual brilliancy. Personal initiative in the White House may be less desirable than poise, and the careful search for wise courses.

Mr. Coolidge's father had lived to a good old age, and it had been assumed by everyone that long life was to

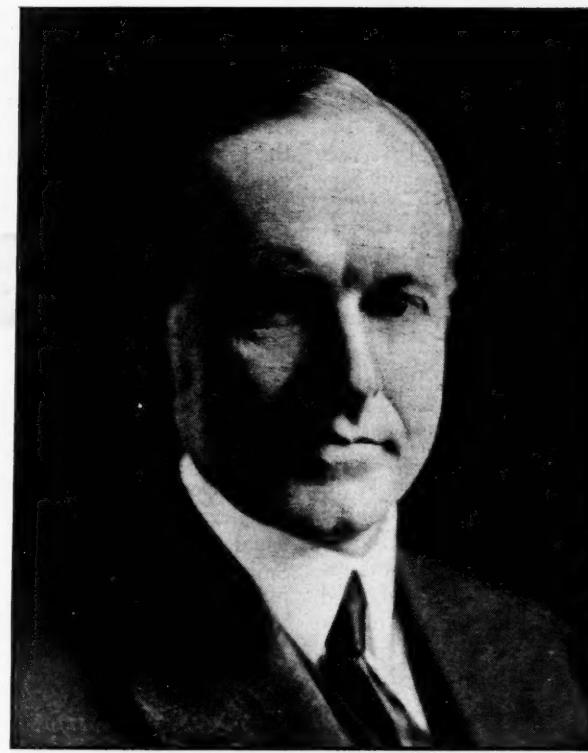
be the probable heritage of the most distinguished member of that worthy New England family. But the issues of life and death are strictly personal, and the law of averages cannot give individual guaranties. Mr. Coolidge seemed still a young man at the age of sixty. Following the Republican defeat in November, he had been approached from many directions on the subject of the party's future. It had been suggested to him that he might be drafted by the national convention in 1936, to head the presidential ticket.

No man could resent expressions of confidence and regard. But Mr. Coolidge did not wish to be considered as a possible nominee. He had absolutely determined never again to be made a candidate for elective office. Upon that subject we are fortunate in having a public statement from the pen of a veteran journalist, Henry L. Stoddard. Mr. Coolidge had invited Mr. Stoddard to talk with him on this subject, and the visit occurred as recently as December 14. Mr. Coolidge authorized the journalist to inform the public of his fixed purpose never again to hold public office. But a former President who is not only respected and trusted but also admired and loved by his fellow-countrymen is an asset of great value. Such a personage, while a member of his own party, is not parti-

san in a narrow sense. It was hoped that Mr. Coolidge with his unimpaired mental powers and his sound judgment might be exerting a wholesome influence upon American public opinion for at least twenty years more.

#### Few Presidents Have Survived to Ripe Old Age

UNDoubtedly THE DUTIES of the presidency, even in years of comparative freedom from exceptional situations, subject the incumbent of the White House to a physical and nervous strain that few people can comprehend. A high authority has said recently that this strain shortens the lives of Presidents by an average of nine or ten years. Mr. Buchanan had a hard time as the Secession came on, and he died in retirement as soon as he had written a volume defending his conduct during the crisis. Mr. Lincoln met his tragic death at the age of 56. So great had been the tension that one may not believe that he could have lived long in any case. Andrew Johnson died at 66, having finished his term six years earlier. President Grant died at the age of 63, after a life of great stress which included the ill-advised effort to nominate him for a third term in 1880. President Hayes, who lived quietly and serenely, reached the age of 70, having survived twelve years as an ex-President. President Garfield was assassinated



THE LATE CALVIN COOLIDGE

at the age of 49; and Mr. Arthur, who filled out the term, died at 56, something more than a year after leaving the White House.

Grover Cleveland lived quietly for eleven years after the end of his second term, and died at 71. Benjamin Harrison was President for the term between Grover Cleveland's first and second periods, resumed his law practice after leaving the White House, and died eight years later at the age of 67. William McKinley had served a few months of his second term, when he was assassinated at the age of 58. In no case could Mr. McKinley have expected to attain great age.

Theodore Roosevelt, leaving the White House in 1909, at the age of 50, survived until 1919, dying at the age of 60. He had been the victim of tropical fever, due to Amazonian exploration. William Howard Taft was 55 years of age when he left the presidency, and survived 17 years as a great American character, ending his career as Chief Justice and passing away at the age of 72. Woodrow Wilson, who was stricken with serious illness in his last year as President, lived on for nearly three years after the end of his second term, and died at the age of 67. President Harding died after serving as President nearly two years and a half, at the age of 58. We have already noted the fact that Mr. Coolidge, who retired in 1929, was 60 years of age on his last birthday, July 4, 1932.

Mr. Hoover, who retires next month, will be 59 in August. During the two months interval from the death of Mr. Coolidge to the retirement of Mr. Hoover there will have been no living ex-President. It was remarked in the newspapers that Mr. Hoover showed signs of fatigue as he appeared at the funeral of his predecessor. He has worked incessantly at public tasks for almost nineteen years. He has exhibited superb powers of physical and mental resistance. Not one man in a thousand could have stood up so strongly under such terrific burdens of responsibility. Not only has Mr. Hoover this record of endurance, but in addition to that he has made an almost unprecedented record of constructive achievement. His countrymen will hope that his future activities may be interspersed with enough of relaxation and rest to keep him in his present condition of bodily health and mental vigor for a long time to come.

**Smith, Coolidge, and a Woman of Influence**

AS AN INSTANCE of his willingness to be of public service in these perplexing times, it may be noted again that Mr. Coolidge was chairman of a committee which at the time of his death was completing its study of the present position of our railroad system. Other members of this group, known as the National Transportation Committee, were Alfred E. Smith, Bernard M. Baruch, Alexander Legge, and Clark Howell, together with Dr. Harold G. Moulton, head of the Brookings Institute at Washington, as economic expert. Mr. Baruch, who had been vice-chairman, was made Mr. Coolidge's successor at a meeting of the committee on January 9. He had been chairman of the War Industries Board under President Wilson, and has had wide experience in large business affairs. Mr. Legge was the first chairman of the Farm Board, and is head of the International Harvester Company. Mr. Howell of the *Atlanta Constitution* is an eminent journalist and

publisher. Alfred E. Smith though out of public office has by some process of development and of better understanding between himself and his fellow-countrymen grown into a position of remarkable influence. Sitting as fellow members of this railroad committee, and through other contacts, Mr. Smith and Mr. Coolidge had become friends and had learned to appreciate each other's ability and public spirit.

The boyhood circumstances of Mr. Smith and Mr. Coolidge were as unlike as could very well be discovered in the same country. Coolidge was the country boy who is given opportunities of education, and makes his way to high place after the familiar pattern of all our American generations except the very latest ones. Al Smith is typical of the poor but honest family of the crowded tenement districts of New York. You may not know the West and South as people live and work; but if you come to know human nature in the crowded city, it is not difficult to learn the ways of common Americans elsewhere. The state of New York is rural as well as urban; and Al Smith as legislator and Governor in due time became acquainted with all parts of our most populous commonwealth.

Smith's own experiences made it comparatively easy for him to comprehend those social changes that have come about through the massing of population in cities. He was open, therefore, while in the legislature and while Governor, to the expert views and proposals of social reformers. He had courage, sympathy, and unusual gifts of leadership. Thus it happened that Al Smith's energy and native ability as the foremost figure in the recent political life of New York state have lifted him to the rank of statesmanship.

Among the workers for social welfare who had inspired Mr. Smith during the last twelve or fifteen years, the first place must be accorded to the late Mrs. Belle Moscovitz. Mrs. Moscovitz, born in 1877 in upper New York, was named Belle Lindner. She attended Teachers' College, became a social worker while in her teens, and later as the widow of a successful architect she married Dr. Henry Moscovitz, himself an educator and publicist. Through unselfish devotion to those causes and movements which she believed necessary for the well-being of the people of New York, Mrs. Moscovitz became the most influential woman in the state, although she sought no personal renown. Governor Smith relied implicitly upon her knowledge, her disinterestedness, and her political sagacity.

Her mind worked quickly. She wrote a lucid and convincing style. She always knew what to do or say at a given moment. Mr. Smith regarded her as first among those who had helped him to see things in a large way, and to become something more than an able politician. Men and women of all creeds and all political groups, Tammany and anti-Tammany alike, joined in sincere tributes to the memory of Mrs. Moscovitz, who died as the result of a fall at the very moment when Governor Smith and Governor Roosevelt were attending the ceremonies at Albany in honor of Governor Herbert H. Lehman.

The thought of Mrs. Moscovitz's useful life seemed to have some influence upon the affairs of state and city, as January brought new leaders to the front. Governor Lehman does not arouse party antagonism; and there is something like unified effort at Albany to solve budgetary problems. In New York City the new

administration of Mayor John Patrick O'Brien is a makeshift, for a single year, to fill out the term of James J. Walker, who resigned while under charges of misconduct, and who is said to be sojourning somewhere on the other side of the Atlantic Ocean. Important recommendations are pending for a new framework of metropolitan government to supersede the present system as dominated by Tammany Hall. This is a subject to which we shall recur in later numbers.

### Changes for the Worse or for the Better?

phrase "Free Silver" accompanied by the magic formula "Sixteen to One" created a delirium that fell just short of carrying Mr. Bryan into the presidential office. A doctrine or a cult needs a slogan if it is to succeed in getting itself well advertised. Some years ago a scholarly gentleman at Harvard known broadly as a biologist, and specifically as a professor of genetics, arrived at the conclusion that population was increasing much more rapidly than food resources; and he sounded a nation-wide alarm. He wrote a book called "Mankind at the Cross-roads," not to mention many other writings and alarming statements. His proofs of danger ahead were too complete to be answered. Mankind was moving steadily forward to the bread line, with nobody able to supply enough bread!

Unfortunately, this fine scholar did not invent a catchy word ending in "cacy," to give name to his particular brand of impending calamity. He was able to prove, by ascending and descending curves, by mathematical formulas, and by chemical and biological data, that the starvation line was slowly but steadily closing in, with the spectre of famine hovering over us if we could but know it.

Meanwhile, however, the Democratic Congress, encouraged by Hon. Franklin D. Roosevelt—d disdainful of Dr. East's storm signals—is struggling with all kinds of proposals for checking the superabundant production of food. Iowa thinks it alone could feed the whole of America. Texas would undertake to feed the Western Hemisphere and Europe besides.

Suppose we should call the eminent biologist's doctrine by the name of "pabulocracy", or "phagocracy". Twelve or more years ago this doctrine might have seemed plausible. The war had checked food production in many countries. There was a tremendous demand for American food at high prices. But the situation has now been transformed. All countries produce supplies at dump prices. We are trying to limit crop acreage, and to bribe farmers to stop piling up surplus quantities of wheat, hogs, dairy products, eggs, and so on. It is going to take a little more time to adjust these disturbed conditions. Far more food can be consumed, and plenty more can be produced. The biologist may prove his case; and at the same time his alarmist views are topsy-turvy nonsense.

Civilization would have been at a standstill long ago but for invention and change. The process of change is more rapid in some decades than in others. In countries like ours the general welfare has been improved beyond all expectations, because of recent mechanical and scientific discoveries and applications. A number

A WORD OR A PHRASE will sometimes sweep across the face of the country, just as measles or influenza may run through a particular village. In 1896 the



THE LATE MRS. BELLE MOSCOWITZ

of years ago someone invented the word "*technocracy*", to assert the dominating influence of machinery in the production of articles of common use. The word is not a valuable one, and it is not as yet to be found in the dictionaries. Certain gentlemen of mathematical and engineering aptitudes some time ago discovered this word and made it the trade mark for certain assumptions of fact and deduction, to explain our existing industrial depression. They convinced themselves that in many kinds of industry a comparatively small number of workers operating existing machinery could produce all that the country could possibly consume. They saw no prospect for the old-fashioned kind of recovery. These gentlemen have figured themselves into a serious state of mind. They have proved many things to their own satisfaction. The trouble is that almost every vital factor affecting human nature and social progress seems to lie outside the field of their calculations.

We are publishing some articles in this number that concern themselves with this general subject of progress through research and invention. One of these is written at our request by a brilliant research chemist who is also a manufacturer. Dr. William J. Hale, formerly of the University of Michigan, is the author of a small but dynamic volume entitled "Chemistry Triumphant" which is reviewed in this number. Dr. Hale's thesis is expounded with almost startling energy in his volume. We are introduced to vast impending changes that lie before our industrial world in the further advancement of the human race through the addition of the triumphs of chemistry to those of engineering. This does not mean anything so revolutionary in practice as in theory. We are going forward, through scientific research, to new and better ways of supplying human wants.



DR. WILLIAM J. HALE



DR. S. M. KINTNER

Two eminent scientists who have confidence in our future.

That we are worse off for telephones, automobiles, electric lighting, modern surgery, medical research, radio and all the other wonders of our time, may seem sadly true to some pessimistic souls. But their fears and warnings will not impede the work of research in our physical and chemical laboratories.

This is the theme of an article contributed to our present number by Dr. S. M. Kintner, entitled "A Common Sense Basis for Confidence". Himself a scholar and thinker, a fellow-worker with research engineers in electrical and kindred fields of scientific knowledge, Dr. Kintner is an official of the Westinghouse Company. He knows that we shall find new and better ways to work and live as we outgrow our present ones. We shall work shorter hours at the exacting tasks of some particular vocation; but we shall find desirable ways to employ all the leisure that we can gain from shop or factory or office.

People in general have not nearly enough of the things they could use to make their lives more agreeable and efficient. At present, the economic machine is suffering from a paralysis that has overtaken the process of distribution. Enormous public and private debt burdens were piled up during and after the war. The credit system broke down, dragging with it the level of commodity prices. Our acute and universal depression is not due to enlarged productive capacity, but to the absence of purchasing power. This in turn is due principally to extremes of economic fluctuation following so violent a disturbance as that produced by the World War.

We are perchance a few weeks late in our references to those who have used the word "technocracy" as if they constituted a cult or a new school of thought. Such outbreaks when starting on this coast reach Los Angeles quickly, and then pass on till they are absorbed gently in the bosom of the great Pacific. We are at the very dawn of the most hopeful and most promising period of the world's history. We have by no means exorcised the demon of war; but we are steadily building up rival interests, before which war will have to surrender its traditional predominance in the affairs of nations. Intercourse, commerce, education, scientific progress, greater leisure, elimination of poverty—advancement in all these things is possible, is practicable, and is worth whatever it may cost to accomplish it.

These conceptions of progress were held with bold vision and unwavering faith by Thomas A. Edison. Like-minded was the late Gen. John J. Carty, who died on December 27, and whose life had been devoted to the perfecting of communication, especially through the improvement of telephone service. The modern facilities now at our daily and hourly command, that add so much to the convenience, efficiency, and safety of human lives and interests, are intimately associated with one another. It would be useless to try arranging them in the order of their importance. But if this were attempted the telephone would rank on many voting sheets at the top of the list.

Few people know anything of the long story of telephonic improvement through scientific research. General Carty, as Chief Engineer and afterward vice-president of the American Telephone and Telegraph Company in charge of development and re-

search, was identified with the constant advance toward more perfect means of transmitting the human voice over long distances, with or without wires. He had retired two years ago from his official duties; but he remained an active influence in the advancement of applied science.

General Carty had no doubts whatever regarding the universal value not only of improved communications but of all kinds of engineering, chemical, and physical research in the sphere of productive industry. Nor was he less devoted to the cause of progress in bacteriology, and other fields of research in the problems of disease and health. The economic depression through which we are still passing caused no doubts in the mind of General Carty, as respects the nature of human progress through scientific knowledge.

#### Repeal and Beer Measures in Congress

ON JANUARY 9 the Senate Judiciary Committee, by a vote of 10 to 4, reported favorably the prohibition repeal amendment that had been introduced by Senator Glass. It is in four sections. The first repeals the Eighteenth Amendment. The second prohibits transport of intoxicating liquors into dry states. The third reads as follows: "Congress shall have concurrent power to regulate or prohibit the sale of intoxicating liquors to be drunk on the premises where sold." The fourth section provides that ratification is to be by state legislatures, and must be completed within seven years.

It will be noted that both party conventions had declared in favor of the submission of a repeal amendment to state conventions chosen for that one purpose. But further study of the convention plan brought to light many practical difficulties, some of which were analyzed in these pages of editorial comment two months ago. With so many legislatures in session this year, it was thought that repeal would be expedited by sending a form of amendment promptly to the states. If Congress were prepared to act at once, this fourth section would seem sensible. Section 2 may be desirable, although we are not aware of any reason for it.

Section 3, in our opinion, is objectionable because it could not possibly be enforced. It does not give power to forbid drinking liquor where it is sold, but it deals

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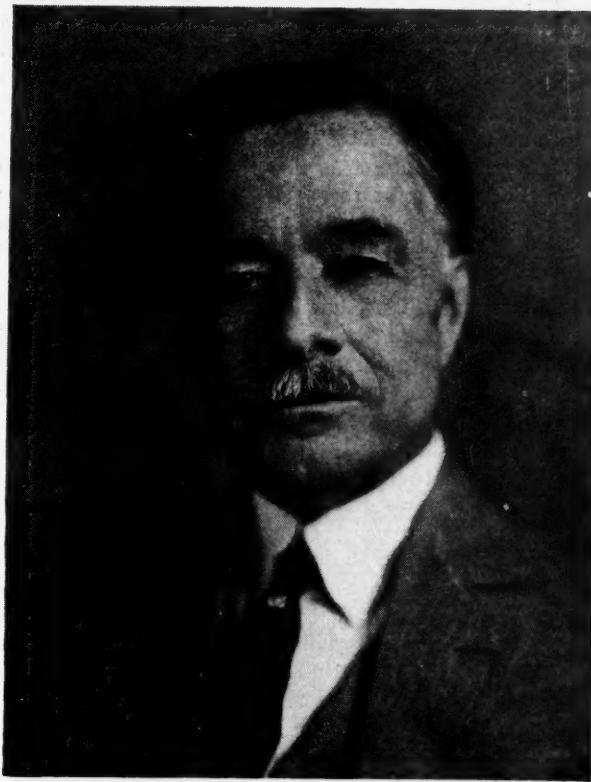
rather with the motive or method of the seller. Nobody could define the meaning of the words "to be," nor could anyone tell what is meant by "premises." It is not enough to remark that the object of this third section is to give Congress the whip-hand over any state that might attempt to reestablish what is known as the "saloon system." Giving Congress full jurisdiction is very different from restricting it to the one detail of drinking on premises where liquor is sold.

We have explained from time to time why we are in full accord with the recommendations of the distinguished members of the so-called "Wickersham Commission." One of the eminent legal authorities who served on that Commission is Professor Roscoe Pound, Dean of the Harvard Law School. We asked Dean Pound, several weeks ago, whether or not his views had been changed in any manner since he stated them in his separate memorandum that forms a part of the final report of that Commission. He answered promptly, and authorized us to give publicity to his assertion that he has found no reason for thinking that unqualified repeal of the Eighteenth Amendment would be as desirable as a substitute amendment which would take prohibition out of the Constitution, but grant to Congress the power to regulate or even to prohibit the manufacture, sale and transportation of intoxicating beverages.

As we have stated repeatedly, the method proposed by Mr. Anderson, Dean Pound, Mr. Baker, and the federal judges who served on that Commission, merely leaves the people of the United States free to use state regulation exclusively, or to set up a uniform national system of control. The country might wait twenty years or longer, and then agree to try a federal system in place of forty-eight state systems. It might wait still longer, and find public opinion ripe for some modified form of prohibition. Congress would have jurisdiction; but unless public opinion demanded uniform laws the states would be unhampered.

Even if the Senate proposal as reported by Mr. Blaine of Wisconsin should prove acceptable at one end of the Capitol, it would have little chance at the other. Straight repeal in the House, as pressed upon that body by Speaker Garner on the first day of the session (December 5), was voted by a large majority but failed to secure the requisite two-thirds endorsement. It does not seem likely that Congress at this session can agree upon the form of a repeal amendment to be submitted to the states.

The Democratic platform demanded the immediate adoption of a measure authorizing the sale of beer regardless of prohibition repeal. A bill to authorize the manufacture and sale of beer containing 3.2 per cent. of alcohol was vigorously debated in the House in the early part of January. The Democratic leaders favored it, hoping to obtain more than \$100,000,000 of revenue from a tax on the output of breweries. At Albany, a plan was agreed upon according to which Governor Lehman would appoint seven citizens to join with a member of each branch of the Legislature to draw up and report some plan for regulating the beer industry in New York State. It was current rumor, last month, that breweries in many places were prepared to resume business, without waiting for legal encouragement. There has arisen a situation that is unfortunate, chiefly because the Eighteenth Amendment is discredited without being repealed.



THE LATE GENERAL JOHN J. CARTY

**Continuity  
Assured in  
Foreign Policy**

IN NOVEMBER, Franklin D. Roosevelt had to face some of the consequences of his success at the polls. He was still Governor of New York, which was a big job by itself. He had gone through a strenuous electoral campaign, the strategics of which were aimed at victory on November 8, rather than at the duties and obligations that lay beyond. In December, the President-elect while finishing his work as Governor was trying to find out how much or how little he ought to be concerned with the foreign and domestic problems about which the statesmen at Washington were contending, with confused and indecisive minds. He could not agree with President Hoover on the best way to confer with European governments. As regards domestic issues he did not seem ready to speak boldly on repeal, on beer, on reorganizing government departments, or on the complicated problems of taxation and expenditure.

In January, however, Mr. Roosevelt's habit of mind forced him into serious contact with governmental questions. It is his nature to be active, and to meet situations somewhat eagerly rather than to "wait and see." It is probable that before the middle of January he had realized that the Seventy-third Congress must be organized and set at work soon after inauguration day. It was plain, also, that he had come to a full realization of the imperative need that there should be non-partisan continuity in our external policies. His conferences with Secretary Stimson, Mr. Norman Davis, Colonel House and others were frankly devoted to our foreign interests.

There is no reason to think that the Roosevelt Administration will be less courteous in dealing with foreign governments than the Hoover Administration

has been. The European debt controversy will not be settled by oratory, much less by rude manners. Obviously nothing can be done on our side until the European governments have some proposals to make which are concrete and worth considering. The proper American policy, therefore, is to be good-tempered but not to force the subject for the present. There is very little truth in the constant assertion that the debts are a vital factor, one way or the other, in the business depression that has affected all countries. We are anxious to believe that Europe has begun to take the lessons of the Great War to heart. But there is nothing we can do to hasten the moral and spiritual processes that must precede disarmament agreements and economic co-operation. Sanity will return in due time.

Our policy should be to let Europe alone as much as possible, look to our own defences, protect our own interests, and allow European history to go on writing its pages year by year. Our passionate concern for a Europe that has small interests in North America or South America except for its own enrichment, has been expensive and futile. At this time we should center attention upon our own public affairs. It is to be hoped that the incoming Administration may find itself imbued with this spirit, and may proceed accordingly.

We are glad to publish an impressive picture of world conditions in 1932 by Europe's most eminent apostle of peace, the Viscount Cecil of Chelwood. A son of Lord Salisbury, Lord Cecil has spent his lifetime in public work, and he has been England's foremost representative at Geneva and in many official conferences. He hopes that 1933 may, by way of contrast, prove a wonder-working year as he considers disarmament, the forthcoming Economic Conference, and the various possibilities for better relations among the governments of Europe especially. Lord Cecil is well known to many American public men of both parties. In the course of the present year Americans will be joining Europeans of good will like Lord Cecil in discussing ways to reduce military costs and to improve commercial relations. Lord Cecil will think it a good sign for 1933 that Franklin Roosevelt agrees with Herbert Hoover in favoring an embargo upon the shipment of war material to foreign belligerents.

#### Looking on at Conflicts in China

SITUATIONS ACROSS the Pacific will also have to be observed and noted by the new Administration. It will be well to remember that

Japan is one of the great powers

at the present time, and that China is a geographical designation. Doubtless the people of China have ahead of them the reasonable opportunity to become the foremost political and military power of the Eastern Hemisphere. But the element of time is essential; and the future China must come into being by its own processes. At the present time there is no Chinese government capable of exercising any authority whatsoever to the northward of the Great Wall.

The alternatives in Manchuria are (1) some sort of order and protection for agriculture and commerce under Japanese influence, and (2) universal brigandage and chaos. We are publishing an article in this number that summarizes the so-called Lytton Report to the League of Nations as rendered by an investigating committee under the able chairmanship of a British expert.

The trouble with the Lytton Report, and with the whole attitude of Geneva towards the Manchurian controversy, lies in the fact that they deal too much with treaty rights, and too little with historic forces. Japan has necessary business in Manchuria, and is intent upon carrying it on. To China belongs the shadow of sovereignty under the law of nations. But it so happens that China, for many years past, has not been able to govern herself, much less to stabilize the region that is now called Manchukuo.

It is a great pity that Japan and China will not settle their own affairs without incurring the terrible cost of armed conflict at the gateways of the Great Wall. Possibly if Geneva had let the situation alone the Chinese would not have been impelled by false hopes to mass great armies at points where Japanese bombing planes must surely take heavy toll of young Chinese lives. The Chinese and Japanese peoples have learned many bad lessons from Europe, and very few good ones. If left to themselves they will probably adjust present differences. They ought to coöperate amiably, for mutual advantage. The Geneva League can do nothing further.

China always has the boycott in reserve with which to inflict penalties upon Japanese trade. A brief article in our present number shows how the method of boycotts and industrial strikes defeated the debt-collecting expedition of France when the Ruhr was invaded in 1923. Japan can keep order in Manchuria, but cannot punish the Chinese people. The Allies have learned that they cannot collect money from Germany if the Germans decide not to pay. Our American people must understand that we cannot collect governmental debts from unwilling creditors across the Atlantic, and we should accept once for all the fact that England, France, Belgium and Italy will pay when and as they like.

It seems very difficult for us to learn that their paying or not paying in accordance with their previous agreements concerns themselves almost entirely. There is nothing that we can do to make them pay their debts if they are bound to find pretexts for postponement or default. The intercourse with foreign peoples that is really valuable is that of trade, commerce, travel, and unofficial relationships. Friendship between governments cannot go far beyond good manners in diplomatic intercourse. Friendship between people, on the contrary, is valuable beyond all calculation. It is our business as private Americans to enlarge our friendly relations with the British, the French, the Germans, and the citizens of all countries near and far.

Governments cannot make friendships between nations, but the friendliness of private persons across boundary lines can make foreign policies friendly. Everything that improves commerce and promotes the intercourse of science and literature will bear upon disarmament, debt solutions, tariffs, and other governmental problems. The year 1933 finds us endeavoring to shape a new era of autonomy and sovereignty for the people of the Philippine Islands. It finds Great Britain seeking agreements with leaders of India upon a federal constitution for the people of that vast nation. It finds new political tension between England and Ireland. Not to extend the list it is enough to say that every country finds extraordinary problems, domestic and foreign, now confronting its people. Let us hope with Lord Cecil that a year which opens so anxiously may end with a record of substantial achievements.

# Will 1933 Be "Annus Mirabilis"?

By VISCOUNT CECIL OF CHELWOOD

**P**ROFESSOR ARNOLD TOYNBEE in the last volume of his annual Survey of International Affairs, has called 1932 *annus terribilis*. It has in truth been a period of deep human misery, of spreading poverty and decay which has not often been exceeded in the last thousand years. Socially, economically, and politically, mankind has moved backward. How far is this process likely to continue in the forthcoming year and what signs, if any, of improvement can be discerned?

There are two connected truths which must be fully grasped before these questions can be answered. First, the world has not experienced during the last three years any great natural calamity, which would account for the weakening of the structure of society. Harvests have not failed: no new and deadly plague has arisen to destroy men and beasts: no great earthquake or change in climate has affected the fundamental conditions of life in the centres of population.

Secondly, disaster has come not through a weakening of effort, a failure of producing or consuming power, but through defective organization. The soil is still as fertile and a man can still extract from it as much food by his year's work. Appetites have not shrunk suddenly and the human desire for food and comfort remains constant. But the mechanism by which supply can meet demand has broken down, and while millions are underfed and underclothed, other millions are burning crops that have become valueless to them, and living in poverty and idleness because the mills in which they used to work are shut down.

This failure of organization is due to a failure of confidence between country and country and between man and man.

The immediate cause of the collapse was the War. Perhaps the political organization of the world was out of date. Anyhow the War came; our elaborate system of credit broke and its failure weakened every other part of the structure.

The first to feel the strain were the social and political departments. In Germany, Russia, Austria, Hungary, Turkey, Spain, there were revolutions; in Italy and Jugoslavia, Fascism. Even in such relatively stable countries as France, Great Britain, and the United States, there was great unrest.

Everywhere the economic framework cracked. Constructed on credit and confidence the building could not withstand the disruptive stresses which political and social failure had concentrated upon it. Financial and economic difficulties were immensely increased by political "remedies." Tariffs, war-debts, reparations and exchange restrictions were the wedges that finally rent asunder the economic unity of the civilized world.

Where every man is a potential enemy, no one has the leisure or energy to do anything but preserve his own life. Gradually the truth of this is recognized and men band together in groups pledged not to molest each other and to protect every member of the group against aggression from outside.

During the last thousand years the groups over most of the earth's surface have become stabilized as nations, highly organized within their own frontiers, suspicious and hostile to all beyond them. When the nations came into being there were in most cases racial or geographical reasons for their size and limits, but scientific discovery and particularly the speeding up of transport had largely invalidated those reasons by the beginning of this century. Differences of race, language, color had become less important than community of economic interests, habits of life, ways of thought. New York, both mentally and physically, was closer to London than York had been a hundred years before. But the sentiment of nationality had become stereotyped, and prevented the necessary political adaptation to the new social and economic conditions. Once again the world's hard-won security failed.

**T**HAT IS THE position we have reached to-day.

All over the world life has become dangerous and uncertain. Men's hearts are failing them for fear. Every nation is suspicious of its neighbors; selfish individualism, masquerading as patriotism, is destroying the very foundations of civilization. Is it too late to turn back?

For my part I believe the change is possible. Already there are signs that humanity as a whole is beginning to realize its own peril. Just as the original barbarians were forced to form groups from sheer self-interest, so civilized man is being driven by the pressure of circumstance to rely upon a world collective system. The first outward proof of this was the formation of the League of Nations after the War.

And the mere creation of the League was in itself a great step forward. For the first time the idea of an organized world order was embodied in a practical machine. The power and utility of the machine must depend on the force of world opinion which is its fuel. The League can do nothing by itself, but in every country men and women who have realized the futility of the old nationalist system find in the League the expression of their dreams for a new and better system of society. As the folly of nationalism grows more apparent with each fresh disaster that overtakes the world, so the force of opinion behind the League itself gathers strength. The future of civilization depends on whether this opinion can make itself effective before the disruptive forces of nationalism have so impoverished the world that reconstruction is impossible. The success or failure of the Disarmament Conference will be the acid test.

It may be that realization will come too late, and that a long period of barbarism lies ahead. I prefer to look upon our present troubles as the final ordeal through which we must pass to reach a new knowledge and security, more solid because more broadly founded than any that have preceded them. If that be so, 1933 will be *annus mirabilis*, and this dark new year the prelude to a radiant dawn.

# Two Answers



By Sykes, N. Y. Evening Post  
FOOD for thought but  
tough to assimilate.

is two years old or ten; they will not deny that it came into general use only three months ago. But the conversationalist engaged either in idle chatter or in profound discussion is already the embodiment of embarrassment if he cannot talk Technocracy.

A group of serious thinkers, under the hospitable roof of the department of engineering at Columbia University, has been engaged for many months in what is essentially a statistical study of economic trends. They call it the Energy Survey of North America. The first "news release" of their findings came in August. It would have fallen upon deaf ears had it come in a prosperous or even a normal period; but with eleven million unemployed the stage was all set and the audience was sympathetic.

Technocracy, we are told, means "governance by science." It has not yet found a medium of expression which can be understood by the man in the street. For example (we quote from an authorized statement): "Technocracy is a method of scientific procedure in operating a mechanism of a continental order of magnitude and not one of political partisanship based either upon class antipathy or class dominance."

Further: "Technocracy considers that technological procedure and equipment are not a social menace, but that the interference control of a price system and the operation of technological procedures and equipment in the conversion of available energy into use forms and services, under a price system, is a growing menace to the stability of our social structure."

In still another statement Howard Scott, Director of Technocracy, writes: "Technocracy's methods are the result of a synthetic integration of the physical sciences that pertain to the determination of all functional sequences of social phenomena."

This he amplifies: "Technocracy makes one basic postulate: that the phenomena involved in the functional operation of a social mechanism are metrical. It defines science as 'the methodology of the determination of the most probable.' Technocracy, therefore, assumes from its postulate that there already exist fundamental and arbitrary units which, in conjunction with derived units, can be extended to form a new and

## The New Doctrine

WHAT IS this Technocracy that is frightening businessmen and their wives? Is this fear justified? Probably not. The following articles tell why.

LIKE WILDFIRE, quite as dreadful and even more rapid, the word Technocracy has spread across the face of the land. Specialists in the written language may argue pro and con as to whether this word

basic method for the quantitative analysis and determination of the next most probable state of any social mechanism. Technocracy further states that, as all organic and inorganic mechanisms involved in the operation of the social macrocosm are energy-consuming devices, therefore the basic metrical relationships are: the factor of energy conversion, or efficiency; and the rate of conversion of available energy of the mechanism as a functional whole in a given area per time unit." These are their own statements.

Our Technocrats have no one to blame but themselves if their lingo is misunderstood and their theories are misinterpreted. Scientists, technologists, physicists, and biochemists—this is their own self-description—have failed to employ journalists.

But these men do more than use words. They state as facts that a single machine can be built with nine million times the "output capacity" of the average human being; that the installed horse-power of the United States, if operated to full capacity, would be equivalent to the human labor of over five times the present total world population. Therefore they see only increasing unemployment.

Some definite statements have been made, in the name of Technocracy, regarding decreasing numbers of men employed in certain steel-mill operations, in electric-lamp manufacture, and such. These were often challenged, and quite too often disproved.

Most recent official statements from Technocracy disclaim any prediction either of doom or chaos, though "we must face the inconvenience of change." And we are permitted to understand that the change will be orderly only if it is under technological control.

Although no one seems to be able to interpret Technocracy to the ordinary human intelligence, it would seem to be something of this sort:

The Technocrats are making what they call an energy survey of North America.

This survey shows that machines are rapidly displacing human labor.

This displacement is becoming so rapid that it threatens to overthrow our social structure.

Our price or money system thus becomes unworkable, we are told, and the only future basis for determining the price of products or the value of labor is in terms of energy.

The Technocrats imply that if we will turn over the country to them to run, accept their energy certificates for our pay, and wipe out our present capitalistic system, all will be well. Otherwise, we face doom and destruction.

# to TECHNOCRACY

## A Common Sense Basis for Confidence

By S. M. KINTNER

Vice-President in Charge of Engineering,  
Westinghouse Electric & Manufacturing Company

**A** NEW PHILOSOPHY, if such it may be termed, has recently been projected upon a weary world, ready to listen to almost anything which appears sufficiently different from the system of civilization so unpopular at present.

Whatever the exponents of this new philosophy may be, and there seems to be considerable confusion as to just what their name implies, it must be admitted that they are good psychologists. They chose a time when a new and revolutionary doctrine could gain, if not credence, at least general publicity and they recognize the well known fact that if such a doctrine be sufficiently sensational it need not adhere too strictly to a factual basis.

I do not propose in this brief article to point out in detail the fallacies of this new philosophy: that has been done effectively by other men who, like myself, prefer fact to fancy. Thinking people are already turning away in disappointment from a thesis which at first seemed to challenge the serious consideration of every person who was honestly and openmindedly seeking light on our economic problems.

When a doctrine, especially one affecting the welfare of so many human beings, is advanced for the consideration of the general public, it is customary to present all the data accumulated together with the deductions made from that data. In the present instance, however, we have been presented with only the deductions—the data from which these deductions were made has not been made public. Perhaps if the data were placed before a broader and more openminded jury, quite different conclusions would be arrived at than those which have been somewhat vaguely advanced.

True progress is based on retaining the best of an existing system and adding to it factors that will improve it and make it more widely beneficial. To destroy an existing system no matter how badly it has functioned due to prolonged abnormal conditions, in favor of a little understood and wholly untried system, savors more of revolution than evolution. Good judgment would prompt us to try out a wholly new system in a small way and then if it proved to be superior to an older system, its application could be broadened.

Our existing system of exchange has been built up over the centuries and has adequately met all conditions imposed upon it since commerce between human beings first began. Any proposal to deliberately set aside this system based on supply and demand, and substitute a hazy theoretical arrangement based on units of power, is too fantastic for serious considera-

tion. Human nature has changed but little through the centuries. We will forever have wants that someone will be able to supply and these wants will increase, for it is true that the more the desire for possession is satisfied, the greater becomes the desire for further possessions. And just so long will we need a tangible medium of exchange that people will recognize and desire.

So many prophesies of the past that sounded a warning of a finished world have proven so foolish, when viewed in the light of subsequent events, that it must take a brave, and I might add, foolish man to record his opinion to that effect as a result of our present troubles.

Science which increases knowledge, creates beauty or extends man's control over natural forces, is a form of culture that directly concerns itself with the social and economic advancement of mankind. Scientific research is the vital essential of the present to insure orderly procession in the march toward new and better standards of living.

**T**ODAY WE ARE on the brink of new and probably greater discoveries. Research cannot be checked without serious consequences to the present and future generations. It must keep abreast or ahead of its great protagonist, engineering, which takes the findings of the research worker, subjects them to applied scientific, social and economic laws, and then allows on to give the world new facts, new methods, new materials, and new conveniences for a broader and fuller existence.

As one walks through great factories, or studies the processes of modern industry, he cannot fail to be impressed by the great amount of labor-saving machinery and, consequently, the large output of product per unit of labor employed. However, it is not safe to draw conclusions from that observation alone.

Some of these vast industries have been created from nothing, insofar as their effect on labor is concerned.

This is apparent when for example we think of the millions employed today in the automobile industry—in the making, the selling and servicing of the large number of such mechanisms, whereas fifty years ago there were none.

The same lesson can be learned from studies of the electrical industry, of which there was none one hundred years ago; of the radio; of the telephone and telegraph; of the motion pictures, first silent and later in sound, and a number of other industries created from nothing, but now employing millions.

Why should we suppose that our possibilities are exhausted? Is it not reasonable to expect that new industries, each demanding an army of workers, will appear from the source whence so many have already appeared as if by a miracle?

**O**UT AT THE Hoover Dam is being done a job larger than the Egyptian pyramids. It is being done in a few years, instead of in several lifetimes—by electric shovels and cableways and other machinery, instead of by an army of straining slaves, bleeding under the lash. The equivalent of the machinery on that construction job, in terms of human labor, would run into figures that would sound like the census, and yet machinery has not robbed that vast imaginary multitude of work; for with hand labor the enterprise could not have been thought of and, even as it is, there is a very respectable city of workers on the spot.

The conditioning of the air we breathe is a new development that is just in the making. A little study will convince anyone that our treatment of our bodies might well be termed "barbarous." In our homes we have developed comfort barely beyond the point of keeping ourselves warm enough or cool enough. New systems of air conditioning are rapidly being made available that will filter the air we breathe, wash it and purify it, humidify it to the proper point for comfort under any condition of external temperature.

Our great public buildings, offices, auditoriums, schools and churches will all eventually be air-conditioned, as will our stores, restaurants, hotels and shops. Already our railroads are experimenting with similar equipment for increasing our comfort and health in travel. Eventually our street cars and buses will do likewise. Here is a great potential market that will not only give new employment to thousands of workers in building the equipment, but to countless other thousands in selling, installing and servicing it.

At no great distant day most of our homes will be equipped with television so that events of the world will be brought to our fireside much as radio now brings us the finest music and entertainment. Here again will be other thousands of jobs in manufacturing, distributing and servicing this equipment.

And so one by one other industries now undreamed of will take their place alongside of our present industries and each will contribute its share of comfort and convenience to our living, and each will add its quota of employment. I do not look for any one industry of gigantic proportions to develop so rapidly that it alone will absorb enough of our unemployed to pull us out of the present plight, but I do confidently expect a large number of smaller industries to develop, which, in the aggregate, will reverse the tide of unemployment.

When America was just a hundred years old, we had a depression. A year or two later a committee was appointed to study unemployment. That committee reached the conclusion and reported that the displacement of men by machines had been so great that *never* again could there be established in the United States anything approaching complete employment for all American labor.

Since that time, or in a little over a half century, we have advanced farther than in the fifty preceding

centuries. We have enjoyed a prosperity at which the world still marvels. We have met several crises since, and made satisfactory adjustments. We are now in process of adjusting ourselves to a new order. I for one am supremely confident that even now we are on our way to a new, better, more stable and certainly a more sane era of progress.

Obsolescence of men and machines will have a tremendous bearing on our immediate economic life. New industries are in the offing but must await improved markets. When we return to better times those of us at the helm today will be several years older than we were when the depression struck—so will our idle machines. That's not a hopeless outlook—new men and new machines will be waiting to take our places.

Contrast the parents of this generation who have had, by the grace of technological improvement, some hours each day to spend with their families, with those of the last generation. Then the father and mother drudged from early morn to dark, he in the field, she in the kitchen or at the wash tub.

Then with the use of power and the machine, the emancipation of man actually began.

Transportation enlarged man's useful sphere of social and business activity by many miles. For the farmer his markets were brought hours or days nearer his home. In urban communities rapid transit was the first instrument to separate business and the home, and the great American suburb came into being.

Many of us have witnessed the change in working hours, first from sun-up to sun-down, in the earliest days of this generation, to a twelve-hour day—now we are likely approaching a six-hour day, and the per cent. of change is much greater than the preceding ones and, consequently, more difficult to adjust.

No doubt the tendency of the age toward shorter and shorter working time will continue. Furthermore, it is highly probable that as we work more into this new order of things, workers will enter active work at a later period than now, and, similarly, retire at an earlier period in their lives.

That production per man-power has been so materially increased is to my mind not the prime cause for alarm. The real menace is in the fact that so little progress has been made in balancing the earning power of all producers so that they in turn could buy continuously the products of others.

Under-distribution, not over-production is our real problem. Virtually everybody wants more of the products of our machines than he now has—this was true even in the days of prosperity. The wants of man are never satisfied.

Who would advocate retracing our steps and throwing away all our labor-saving machines, in order that we might have more jobs? Surely no one who gives the question serious thought. What is needed is a modified plan of operation that will give due consideration to our new order of things, and permit us to enjoy this millennium of freedom from drudgery and leisure for thought and pleasure—the end toward which we have all striven so long and the real purpose for which the machine was devised.

Such a plan to be successful must still hold out rewards for the ones who do the best in still further improving conditions. Human nature has not changed and the incentive to do better must still be preserved.

# A Chemist Answers Technocracy

## PISTEMOCRACY

**B**REAKERS AHEAD! The alarm sounds from out of the mist. It is the cry of technocracy hopelessly adrift on a sea of despair. With bearings lost and eyes fogged they conjure up without restraint all manner of will-o'-the-wisps.

Historically speaking, the introduction of steam power in the last quarter of the Eighteenth Century marks the beginning of the great Mechanical Revolution. This point marks also the beginning of modern history. Mass production and the system of interchangeable parts in manufacture, closely following the mid-point of the Nineteenth Century, inaugurated our industrial era. Throughout the greater part of the past 150 years, often spoken of as the Machine Age, we have noted that each advance in manufacture contributed in greater or less extent toward the displacement of hand labor. Such displacements indeed have made for a growing and steady advance in new manufacture.

In 1919 the term "technocracy" was introduced by William H. Smyth of Berkeley, California, to signify a future state of governance by technicians. There was envisaged a new technical order as a gauge and directive influence upon our economic system. In recent magazine and newspaper articles a corps of engineers have given vent to utterings in similar vein but of such nature as to arouse apprehensions and promote the gloomiest of forebodings. Readers have been deluged with a mass of data offered in proof of utterly futile assumptions. Indeed the statements that issue from this engineering sanctum are suffused with an incongruity and incompatibility highly irritating to the normal mind.

These latter-day technocrats marvel at the advance of the machine. They appear unaware that this evolution has been in steady progress for close upon a century and a half, and will continue as long as intelligence reigns. Each decade records and will continue to record increasing betterment over the decade before.

Upon examination of the actual conditions in industry



Photograph by Rittase

By **WILLIAM J. HALE**

Director, Organic Chemical Research,  
The Dow Chemical Company

thousand of population, and yet after a most rapid rise in mechanization in industry this number had increased to 398 per thousand.

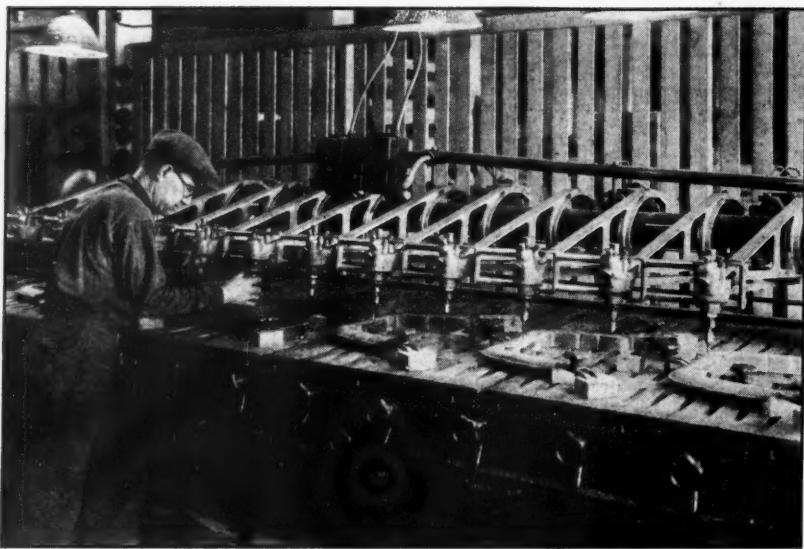
As the machine becomes more and more automatic in control, there is ever required an increase in skilled labor for maintenance work, and particularly for installation of improvements in working mechanism. So great is this latter factor that we shall soon need to seek super-skilled labor and an overabundance of such if the machine is to survive.

No one questions the economic necessity of forcing a release in the less-skilled labor, such that a stepping down in position must continue until that time when many of the former machine-employed will have sub-graduated into the ranks of common labor. To speak of this as technological unemployment is a misnomer; we might as well describe students who fail to graduate as the educational uneducated.

Since the early days of the Mechanical Revolution we have witnessed remarkable progress in physics. Electrical studies in particular stand out as of striking originality. There will be no abatement in these pursuits. In the meantime the study of chemistry has come to the fore. By 1890 molecular structure was

understood; many naturally occurring compounds had yielded to synthesis. Overtopping all else, an insight

THE PART that chemistry is playing in our modern world is vividly described by Dr. Hale in his new book "Chemistry Triumphant." An extensive review of this book will be found on page 6 of this magazine.



Publishers' Photo Service

**FURNITURE CARVING** by machinery. One craftsman can operate twelve cutting tools. The tool actually in the man's hand is a pointer, which is passed over a pattern while the real tools carve their way into the wood blocks securely fastened to the table. In this picture the pieces being carved are large, and every second tool is not operating.

into nature's methods had become discernible—such as the building-up of the sugar molecule.

The general urge to synthesize everything spread chemical studies far and wide. Both in the organic and the inorganic chemical world was this influence felt. By 1897 the commercial manufacture of indigo was a fact. By 1913 the manufacture of ammonia (with consequent nitric acid and fertilizers) was accomplished. Thus the replacement of natural sources for the King of Dyes, and the King of Fertilizers and of Wars, was won. Synthesis of naturally occurring compounds has forced man to reevaluate everything upon its synthetic counterpart, i. e., upon strictly chemical considerations. The Chemical Revolution was upon us.

This great catastrophe has well-nigh wrecked all that man so far has accomplished. The World War was merely the first gun in the battle. The outcome, now that reconstruction days are about to begin, may be expressed in just a few words: "Henceforth all products of commerce may command no more than their replacement values on a chemical basis."

Were these technocrat engineers trained in the sciences they certainly would have chosen a broader term for their signboard. Technocracy comes from Greek roots, one meaning skill, art, or craft, and the other meaning strength. The word denotes the power of the craftsman, a ruling by *technicians*. A far more comprehensive term would be Epistemocracy, denoting a ruling by *scientists*.

The Chemical Revolution that is upon us bids us proceed chemically and under chemical supervision. If we would select any particular branch of scientific control or governance, certainly reason would dictate it be physical or chemical; for this is none other than a chemical world, and all we do must follow in accord with physical laws. Thus Chemocracy might signify the chemical rule. In the Eighteenth Century, in France, a school of Physiocracy was established to study a governance by the natural powers.

The engineer is ever delighted in the consummation

of some tangible accomplishment, and enthralled by the smooth working mechanism before him. The machine becomes his fetish; and life to him is a grand succession of co-ordinating parts. The scientist, on the other hand, sees one wheel just about as round as any other wheel, and the enthronement of any co-ordinated set of wheels (a factory) as a totally obsolete and flimsy makeshift. To the scientist, life is just a tolerance of imperfections on the part of man.

By the way of illustration, the engineer looks upon the automobile as a masterpiece. To the scientist it is a monstrosity. The motor, or driving unit, of excessive weight, is placed as far away from point of service as is physically possible and still retain it in the car. Hydrocarbons are supplied as motor fuel, and imperfectly mixed with air, of which only one-fifth can possibly react, and about three-fourths of all energy developed is dissipated through clumsy structure of moving parts. Some 60 square feet of space are required for the contraption, and this enables generally the transportation of 2 square feet of sitting man hither and thither through lanes in an open garage mistakenly called streets.

**J**UST WHAT ADVANCE have we here over the old ox-cart, save for speed? As an energy source, the ox is cheaper of maintenance, suffers less depreciation, and furthermore contributes fertilizer as a constant by-product. The materials of construction for automobiles were obsolete years ago. Light alloys and cellulosic plastics should constitute the entire make-up of a real car. Lumber, glass, and leather, and most steel (save for about 25 pounds per car) should be banished from the automobile industry.

In reverting to an illustration by the technocracy writers, we shall grant that 100 men in modernly constructed brick plants, operating continuously, may well supply the total demand as of yesterday for bricks in this country. But, will these engineers maintain that transportation of these bricks from the several centers can be accomplished economically? Will they maintain that these machines without much hand labor are capable of adjustment to meet the demands in chemical and physical composition of delivered brick? Will they maintain a stolid outlook on humanity, and presuppose that bricks will long be in use? Chemically speaking, bricks should have gone the way of adobe mud blocks, and that a decade ago.

Obsolescence is the mighty determinant of all industry. Nothing that we do today has any value on the morrow. Hence, we are destined to work forever in tearing down that which our forefathers so wisely built and which we so foolishly have been taught to value. Greater and greater becomes the need for countless armies devoted to tasks of improvement and reconstruction. Augmentation of this force is made possible through release of labor by the machine.

Civilization is ever more exacting in its demands. To this end our educational standards must rise ever higher and higher. In such service, the advance in mechanization will call for better training on the part of skilled labor, and better husbandry in the supply of raw products of growing complexities. In this lies the hope for an enlightenment stage of mankind. There are upwards of one million research problems now crying for immediate attention; would that as many as five men could be found for each problem.

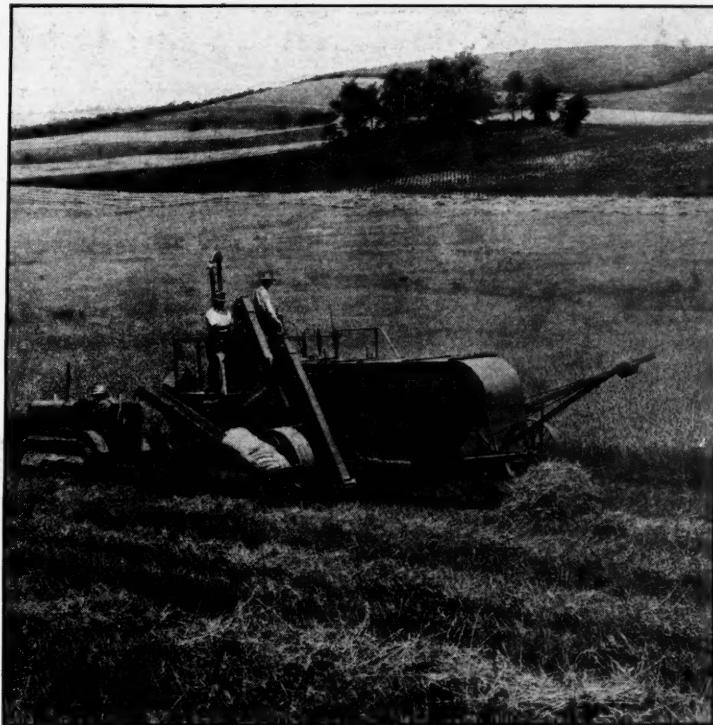
In failing to recognize the accelerated step by which obsolescence stalks among us, we have been sorely remiss. Industrialists have been wont to weigh too lightly this telling factor. The wonderfully equipped manufacturing establishments of a few years ago, wherein no provisions had been made for complete scrapping of machinery and installation of new equipment, found all too soon that the entire properties were worth naught above their scrap value. Old-time book-valuations for a plant proved to be joke-valuations.

The normal growth of any manufacturing plant demands a constant and rapid replacement of machinery at every turn. As much as 25 per cent. of the net earnings of a company should be devoted to research, and another 25 per cent. to demolition and replacement. Of the remaining 50 per cent., an approximately equal division may be made between dividends and bank surplus.

No machine installation can ever carry great value. Its depreciation will proceed at such rate as to make doubtful the ability on the part of the manufacturers to install improvements without an excessive amount of hand labor. The banishment of hand labor by machines becomes all the more ridiculous when we recognize that the greater the number of parts to any machine the greater the points of obsolescence.

**O**UR PRICE SYSTEM is not perfect. It merits closer study. The introduction of a new energy unit as a critical factor in the system is not likely to clarify the present situation. Energy units of every kind carry a value of the most variable nature—widely different even between adjoining counties. The price system is certainly not altogether to blame for the debacle of 1929. Choose any units you wish, and lend to foreign countries in order that they may buy all of our 10 per cent. overproduction and eventually a collapse must come at the time when we cease lending.

When one reads that one billion horse-power is now developed in the United States, and that this power is capable of replacing the work of over ten billion men (five times the population of the earth), nothing more need be said to stamp the work of these technocrats as highly ethereal. The evidence is thus established that man has progressed quite well, and with the help of intelligent fellow-men will advance still more rapidly. There is no cause for worry if we attain one million horse power per man by 2000 A.D.; such power may not sufficiently suffice, then, for the requisites of life.



Ewing Galloway

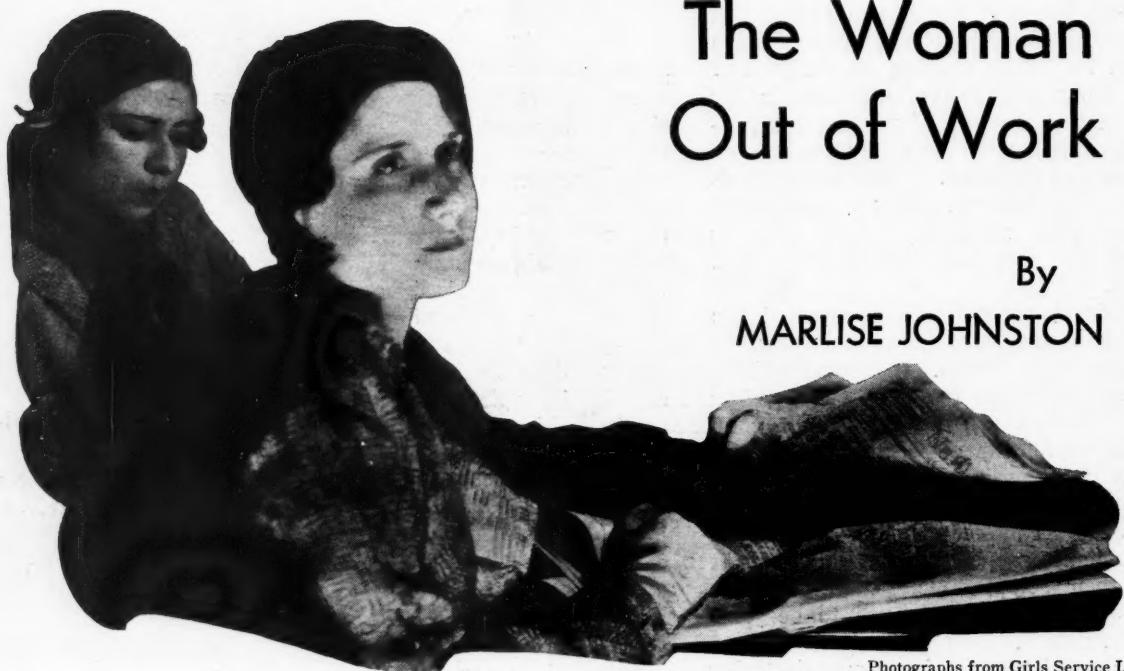
**TECHNOCRACY CALCULATES** that 4000 men with modern machinery could have harvested the American wheat crop of 1929. This in turn, they figure, could have been turned into flour in the Minneapolis mills at the rate of 30,000 barrels a day per man. In that year, 1929, we produced 154,000,000 barrels of flour, the work of only seventeen men, if you apply the technocrats' figures. But the milling industry actually employed over 27,000 men in that year.

It is utter nonsense to calculate that 6,000,000 men of the period of 1830 would be required to cultivate and harvest the American wheat crop of 1929, and that today only 4000 men need be employed to accomplish the same job. Why not calculate the number of Ancient Egyptians who would be called for in this task? Wheat was not their primary crop—nor for that matter is it likely to be ours 100 years hence.

The breakdown in our system of distribution is of far more concern to our social order; we are confronted with an abundance in the face of poverty. Debt claims against industry which are not amortized in the shortest time are the aftermath of an unscientifically administered society.

Distribution, then, must be completely revamped. The old-fashioned railway, most backward of all financial enterprises, must be reconstituted as a modern transportation system. Think of those old-time engines built for weight; tiny power units of little cost must pull tiny cars of little weight, but at tremendous speed. Think of transportation charges on one ton of coal over a distance of several hundred miles as equivalent to five times the original cost of the coal. Transportation costs can easily be reduced to one-third.

Tremendous losses have been sustained by our populace, and much more is still to be lost before liquidation has run its course. Finally, there must come the awakening, when chemical valuation shall be the criterion in a world of commerce—agricultural and industrial. Never again should prices be allowed to transcend chemical values. In such an era, technocracy would never supersede democracy, the democracy of an enlightened people.



# The Woman Out of Work

By  
MARLISE JOHNSTON

Photographs from Girls Service League

**W**OMEN HATE the idea of charity. Even more than men, they dislike being "on the town." When they lose their jobs they make every sacrifice, they exhaust every resource, before they turn to society for help. What few things they have are pawned or sold at pitifully low prices. The cheapest rooms and the minimum amount of food suffice. According to the reports of social workers, food is the first thing that goes when a woman gets up against it, and appearance and clothes are the last. This is not vanity as much as self-preservation. They know that 60 per cent. of their chances of getting a job depends on their appearance.

They half-starve themselves. But they do not go to bread lines, nor do they eat at soup kitchens. Any one who has marveled because there are no women in bread lines should realize that it is not because there are no hungry women. It is because they believe that any public parade of poverty is degrading. They choose, instead, to live on an unbelievably small amount of food, or to eat in the comparative privacy of the soup kitchens.

New York City, melting-pot of old, and Mecca for the ambitious in years of prosperity, has a job on its hands which in size and complexity may interest people elsewhere. That job is the subject of this story. With changes in detail it is a story that could be written of any city, large or small, these days.

There are penny kitchens all over New York, but they are localized around Sixth Avenue and Twenty-sixth Street. Over there, in one of the ugliest sections of the city, where by some irony beauty is sold at wholesale in the great flower markets, under the shadow of the "El", are the penny kitchens. You can get bean soup for a penny, vegetable stew for five cents, and coffee complete with sugar and cream for three. You stand up to eat, and if the atmosphere is not cheering the food is nourishing. It is cheap. And it is not charity.

Some girls, when their landlady wearis of having them stay on without benefit of rent, ride the subways all night. You can stay on a subway indefinitely, for a nickel, riding up and down and back and forth, if you know the right places to change. It gets cold before morning, after the heat is turned off, and you get little sleep. But if you are wise you rest during the day (when you are not job hunting) in the lounges of department stores. Some girls live in this precarious way for weeks. Some hire out as domestic help for free room and board. Some go on the streets.

New York City knows all this, and its various social agencies are trying to do all they can to care for the new poor among its younger generation—its white-collar girls. The problem of the self-respecting, independent young girl out of work is one of the gravest in the whole tragic picture of unemployment. A woman's pride is an integral part of her decency and character. It must be hurt as little as possible, and if the girl has to turn to charity it should be as an inconspicuous client and not as a beggar.

The unattached woman has emerged as a great problem because it is a new one. It is difficult to keep track of her, and to help her, unless hunger drives her to the wall and she is forced to ask for help. Approximately 1,150,000 persons are out of work in New York City, but the proportion of "unattached" women in this group cannot even be estimated. Before their recent enfranchisement, these women would have been less dependent on their own ability to earn; now they must support themselves or starve. They are forced to turn to charity; and organized charity is hard put to it to know how to care for this ever-increasing horde.

There is really no relief agency of long standing that is concerned with the care of lone women. Most relief is in the hands of family charities, whose work is with family units and not with solitary individuals. There are 1200 social agencies and 13 large family welfare



YOUNG JOB HUNTERS crowd clubrooms of the Girls Service League in New York City, the official registration agency for girls under twenty-one who apply to the city's Emergency Work Bureau. Jobs are found for about one-half of the employable girls. So many of the applicants are weakened from hunger and cold that the League serves a lunch gratis to bolster their morale.

agencies—private and public—in New York City. Most of them were already organized and functioning in relief work before the depression. That they have had to increase their services enormously is plain on the records; they spent \$46,274,325 for relief in 1931, and in 1932 this huge sum was increased to \$79,402,000. These organizations have had all they could do to care for their own groups without embracing a new service for individuals. So new agencies have been formed to care for the unattached woman.

**T**HE CENTRAL Registration Bureau for Women was started on March 1 of last year, to care for homeless women and to find places for them to stay. Around 3000 women have been cared for through this bureau in the past year. With the increase of the white-collar class among the poor, new lodgings and shelters have been provided to fill the pressing need for adequate, decent homes for young girls.

The Municipal Lodging House in New York City, which is probably the most famous "flop house" in the world—and the favorite subject for sob-sisters—cares daily for 200 women of every kind, color, and age. The Salvation Army Shelter for women and children is similar, as also are several others. These flop-houses offer food and sleep. They are not residences in any sense of the word, and there are usually limits on the length of time a woman may stay. They are more for the drifting type of woman; and self respecting girls are not sent there, except in emergencies, for the most obvious reasons.

The Salvation Army Canteen for young girls on Twenty-ninth Street, a new lodging house, scarcely a

month old, is one of the best in the city. It is for white-collar girls only, and white girls. It does not place any time limit on a girl's stay. This is important in its psychological effect, for the unspoken, well-meant message to "Move On" is disquieting when there is no place to move on to. The charity you receive here is unobtrusive, tactful, and not as difficult to accept as some. If you are a young girl out of work, with no friends and no funds, and find your way to this building, you will be received quietly and allowed to keep whatever shred of pride you have left. You will be asked to give your name and address, and if you still have a thin dime left you may pay for your supper. Most girls prefer to do so. If you do not have a cent it will be all the same. The supper you get will not be a wish-fulfilment dream of what a supper should be. It will be given to you in cafeteria style, and you may eat it with no humiliation though perhaps also with no relish. After supper you may go to sleep, in a big room, in a little bed, separated from all the other 75 little beds by cretonne curtains. Or you may go to the living room and talk over with other girls your day's experiences.

They all have the same story to tell, of employment agencies where they have spent the day. Uptown, downtown, walking from one place to another; told to come back or not to come back. As many as can be are placed immediately by the Salvation Army Employment Bureau, which is in the same building. Many were employed as bell-ringers for Salvation Army kettles at Christmas time, for which they received all of three dollars a day.

There is no red tape or condescension about this Canteen. For Christmas the girls were given lipsticks,

compacts, and silk underwear, chosen by the young Army workers who manage the place. You may also have a haircut and manicure, free. This understanding of the eternal feminine, even if it is down-and-out eternal feminine, is good medicine for a shaky morale.

Younger persons, under twenty-one, go to the Girls Service League. This is a charitable organization of long standing and high reputation, which has rendered invaluable service during the depression. It has been in charge of the official employment agency for girls under twenty-one, who are sent there by the Emergency Work Bureau. During the past year, 16,774 girls were aided by the League, a 43 per cent. increase over the preceding year; 10,188 girls were registered for jobs, a 50 per cent. increase over 1930-1931. Four hundred girls were given homes in the clubhouses. These are beautiful buildings, in one of the quietest and most dignified sections of New York. The meals, prepared by the girls themselves, are excellent. If you are a young girl out of a job, you have one thing to be thankful for if you are under the age limit.

**I**N THE free employment exchange which the League operates, 1950 girls applied for emergency jobs last year. One-half of the eligible number were placed. Free lunches are given to all the girls who apply for work. They are invited as guests, not as objects of charity. There is an important although subtle difference, to the girls. A studio work room is operated, where they are taught sewing and pasting trades. When they become proficient they are given \$8 to \$10 a week. A "vestibule school" has been teaching clerical work and typing.

The resident girls have been sent there by policemen who have found them sleeping in hallways, half-starved and not knowing where to turn. Some have been brought by their parents, who could not provide for daughters out of work. Some have come of themselves. Many of them have been responsible for the support of younger children, or mothers. The frantic desire for a job—any kind of job—the heavy burden of responsibility which they seem to feel, and the intense pride which makes them avoid direct relief in the form of free lunch money or carfare, is more tragic than any bread line. One has grown accustomed to think of youth as a period of more or less irresponsible gaiety. Some of these children have been working for years. Now that they cannot find work they have become little old women, burdened down with worry and care.

In a class with war profiteers are those who take advantage of this situation to offer factory work at sweatshop wages. As little as 80 cents has been paid for two-and-a-half days' work. There is no minimum wage in New York, but the Girls Service League protects its charges as best it can against such exploitation.

It has been deluged with requests for maids. In many cases it has been a perfect solution of an unskilled girl's problem to put her in an opportunity home, to earn a little money at light work and perhaps continue her schooling. But advantage is often taken of the girl in this way, too, and madam who never had a servant before is prone to relegate her to the status of the old-fashioned "hired girl."

The employment offices for white-collar women over twenty-one, the women's department of the Emergency Work Bureau, is in the Associated Charities building

on the same floor with the Blue Anchor Society and the Catholic Indian Missions. It is one of the busiest places in town. There is more singleness of purpose and more desperate hope in the atmosphere over there than is pleasant to observe. The women are well dressed, because they have to be if they wish to find a job. They are intelligent looking. They are often pretty. But they are extraordinarily subdued and silent. There is no laughter or small talk. Neither is there crying, or sob-stories; only a dogged courage and persistence, and a hope that today they may get a \$12 job.

Relief here given by the Emergency Work Bureau, is in the main in the form of created jobs in non-profit organizations for a temporary tide-over period. The girls who get these jobs are paid \$3 a day for a minimum of four days a week. The investigation of a girl's former record, of her background and economic status, often takes three or four weeks. In the meantime if the girl is in desperate want, as many are, she is referred to the department of direct relief. Food and shelter have been provided for 5698 women within a three months' period, by this Bureau. More than one-half of these are girls. If they are homeless they usually are sent uptown to Club Marshall for at least two weeks.

Here they are provided with a free bed and two meals a day. The food is good, and although the Club is cheerless it is clean. There is, however, an indefinable patronizing chill, an intangible atmosphere of charity. This is discouraging, but perhaps difficult to remedy. The girls here in better years made their own way, and earned the right to be patronized by no one. They are a nice looking group as a whole, kind and considerate to each other. When a girl gets a job she is congratulated. There is very little jealousy, and more chivalry than men usually accredit to women.

They are so proud that the job of giving them things assumes the proportions of a major tactical maneuver. They will accept food and shelter because of the primary instinct to survive, but clothes and other essentials are another matter. They feel that they must have an adequate privacy for their stricken poverty.

It would be wonderful if these girls could have a coöperative club of their own, if the blind could lead the blind, and the unemployed could provide for the unemployed. Then there would be no one to bestow charity except the impersonal city, to which these same girls in days past have contributed their own invaluable part.

**T**HE WOMAN out of work in the big city is not merely the ghetto child. She is more likely of good breeding and education. Among those interviewed, there was a translator of scientific writings, a social secretary, a radio singer, and a professional pianist. They are all Saturday's children—destined, as the old rhyme foretells, to earn their own living. When that fails they are bewildered and lost. They are not potential Communists and Reds, nor soap-box orators against the civilization which made their new poverty possible. They are not even filled with self-pity. They have the same courage as men, but are more sensitive. They will probably remain a major problem for some time to come. It is up to the city and to the country to give them not alone shelter and food, but a philosophy of encouragement. Then their morale and pride, which have remained unbroken by disaster and semi-starvation, will not be destroyed by charity.

# Driving the Country to Repeal

● A WISER COURSE would lie between absolute prohibition and absolute repeal—but it requires thought in place of fanaticism.

By ROSCOE POUND

**M**ODIFICATION, I still think, would be preferable to outright repeal, because after repeal a chaos of state legislation is likely to result with respect to what has become a nation-wide problem. Instead of repeal, it would be better to have a constitutional provision allowing for a good deal of power of national action, along with a reasonable latitude for differences of local conditions and local feeling on the subject.

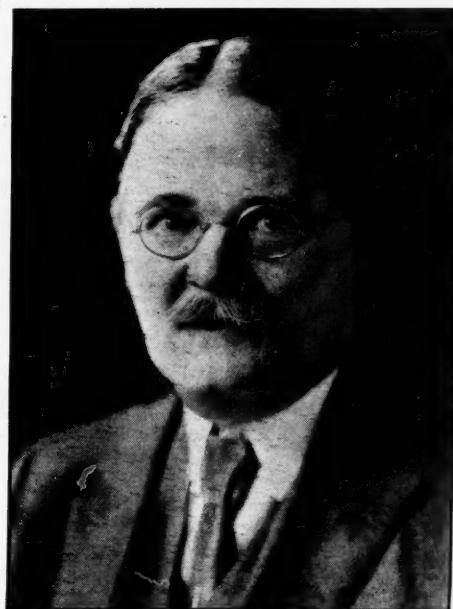
The Eighteenth Amendment and the national Prohibition Act undertook in substance to turn us into a nation of total abstainers over-night, by legislative pronouncement. It required one rule for Podunk, Kansas, and for New York City. It ought to be possible to have a power of federal control of an organized traffic which is beyond the power of effective local regulation, and yet at the same time permit a reasonable adjustment to localities.

But perhaps it is too much to expect that such a program, involving no dramatic features, and calling for careful thinking and discrimination, will appeal to the public. The two extremes—a uniform régime of prohibition, or absolute repeal—call for no mental effort on the part of voters; and perhaps we shall have to make the choice accordingly.

I cannot but feel that the obstinate insistence of the Drys upon the Eighteenth Amendment and the national Prohibition Act, as they stand, resisting all propositions for a modification which would make national control effective, and perhaps an ultimate prohibition feasible, are going to drive the country to repeal and set back the subject of thoroughgoing and intelligent control for a generation.

Therefore, I have seen no reason to change the views which I expressed in connection with the report of the National Commission on Law Observance and Enforcement.

As I interpreted the evidence before the Commission, it established certain definite economic and social gains following national prohibition. But it established quite as clearly that these gains had come from closing saloons, rather than from the more ambitious program of complete and immediate universal total abstinence to be enforced concurrently by nation and state. Thus the task is to conserve the gains while finding out how



© Underwood

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to eliminate the many abuses and bad results which have developed.

Regarding modification, I do not know that I could state my opinion now any better than I did when the Commission submitted its report two years ago. I said then:

"While making enforcement as effective as we may, so long as the Amendment as it is remains the supreme law of the land, we should be at work to enable the fundamental difficulties to be reached. This, it seems clear, can only be done by a revision of the Amendment. It can be done only by so redrawing the Amendment as, on the one hand, to preserve federal control and a check upon bringing back of the saloon anywhere, and, on the other hand, to allow of an effective control adapted to local conditions in places where, as things are at least, it is futile to seek a national enforced general total abstinence.

"Federal control of what had become a nation-wide traffic, and abolition of the saloon, are great steps forward which should be maintained.

"As to what might be done if the Amendment were revised, it would be possible to retain or come back to complete prohibition throughout the land, or to retain it where it is effective, protecting such areas in their policy, and yet to establish some form of control for localities where complete prohibition has proved or may prove ineffective. It requires an unwarranted lack of faith in American political ingenuity to assume that no such form of control may be worked out."

We are not reduced to an inevitable alternative of absolute prohibition, or absolute repeal, except as uncompromising zealots on both sides may drive us to it.

# FOOD: A Giant Industry



THE FIRST "Uneeda boy," carrying his moisture-proof package of biscuits. In 1899 he was the five-year-old son of a Philadelphia advertising man.

**A** SMALL boy clad in oilskins, with a package of crackers under his arm—and a smile on his face in spite of pouring rain—made his appearance on billboards and in other forms of advertising thirty-four years ago. Upon him and the new kind of cracker that he carried was built a business that now employs a working capital of \$140,000,000 and earns as much as sixteen million dollars even in a depression year.

More than that, the boy and what he represented gave impetus to an industry which has taken its place among the leaders: the nation-wide distribution of trademarked food products. It is an industry with a hundred ramifications, though in most instances it sells (1) a standardized product of known quality, (2) the demand for which is created by intensive advertising, (3) so packaged and distributed as to reach the consumer not merely unspoiled but actually fresh. No two legs of this tripod would be sufficient without the other.

That new cracker of 1899 was not the first trademarked food product, nor even the first to be advertised. But it occupies a unique place both in advertising and in manufacturing. The story of Cinderella herself is no more romantic than that of the lowly soda cracker transformed in quality, appearance, and popularity by the magic touch of big business. A trademark over fifty years old and still in use is La Belle Chocolatière, who carries a dainty serving tray of chocolate on every wrapper of Walter Baker's Chocolate.

Our slicker-clad youngster was brought into the advertising to tell the world about a new package, as well as about an improved cracker, Uneeda Biscuit. The package was moisture-proof. It was not the chance of wetness from rain that was thus guarded against; it was the ever-present possibility of dampness or staleness while in the grocer's store or the consumer's pantry.

Soda crackers up to that time had come in a barrel or box. The new pack-

EVEN IN DEPRESSION a people still eat. So we find that the Big Business of food products holds its head high. Here is the simple story of how the food habits of a nation were transformed; how we buy our food in tins and cartons, and are glad of it. It is a story of health, of efficiency, of advertising, and of achievement.

By HOWARD FLORANCE

age was made out of cardboard especially prepared to keep out moisture, with an additional inner wrapping of paraffin paper designed solely for the same purpose—the whole package called "in-er-seal."

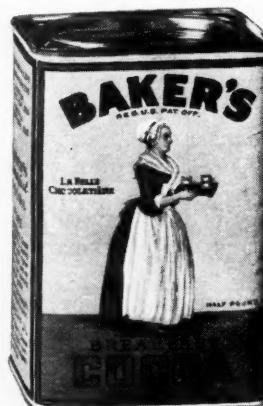
Skip over the intervening thirty-four years, and you find this idea of freshness dominating the sales talk of food products today.

Largely through the growth of advertising, this first third of the twentieth century has witnessed a transformation in the food habits of the nation. Whether you live in Maine or Texas or Washington, or anywhere in between, you are persuaded to buy a particular brand of eatable. The open bag of coffee is fast disappearing from the neighborhood grocery, along with the flour barrel and the sugar barrel. Indeed, the local grocer himself is less in evidence, giving way in part to the chain-store dispenser of foods who needs only to know his vegetables. The public, meanwhile, in accepting such a transformation in its food habits has registered its approval.

But the cracker box, the flour barrel, and the coffee bag are taking their leave in a good cause, for in their place stand the sanitary and efficient packages of the big business of food products.

There is no convenient way to measure the aggregate importance of this new type of industry. The whole business of food ranks first in this country. The latest estimate of national expenditures is that made by the President's Research Committee on Social Trends, published in January, which places the total spent for food at 17 billions of dollars annually. This is more than the sum spent for clothing and rent of homes combined, which are the next largest items of national expenditure. It was approximately one-fifth of our total national income in the year for which the estimate was made (1929).

The reader will understand, however, that this article proposes to discuss only the big business of making and selling trade-marked and advertised food products. On the New York Stock Exchange alone there are forty-six companies in the official Food Industry classification.



SAID to be the oldest nationally advertised trademark. The original is an oil painting, in the Dresden museum.



THESE THREE pictures show some of the products of the General Foods Corporation. At the left is a beverage group. At the right is an ingredients group for cooking. Below are laundry as well as food products.



At the peak in 1929 the market value of the shares of these companies exceeded 4 billion dollars, shrunk now to 1 2/3 billion in the general deflation process.

Even at current low market values, the Food Industry group averages 34 million dollars for each one of the forty-six companies. In comparison, the share value of eighty-four railroad companies listed on the exchange averages only 24 million dollars for each railroad. Thus we have some idea of the importance of this phase of modern Big Business. Our food industry, it might be mentioned in passing, has been built up largely without the use of bond issues.

Besides these publicly owned companies there are many large corporations whose ownership, sales, and profits are still matters of private concern only. One could name Campbell's Soups, Heinz and its fifty-seven varieties, or Quaker Oats, to show the importance of these privately owned companies as a factor in any discussion of the food industry.

We shall pay more attention here to those companies where the reader may be a partner, or may become a partner in a period of returning confidence and prosperity. And we shall dwell especially upon two companies, as leaders in the whole field of food products and as representatives of widely different types. One of these is the National Biscuit Company, which sells largely a single product—crackers and biscuit in 500 varieties. The other is the General Foods Corporation, which sells eighty branded products ranging from breakfast cereals and coffee to oysters and maple syrup.

#### National Biscuit for Example

JUST THIRTY-FIVE YEARS ago, in February, 1898, three companies with important names were merged to form the National Biscuit Company. These were the American Biscuit Company, the New York Biscuit Company, and the United States Baking Company. That was early in an era which soon witnessed the formation, by consolidation, of such companies as American Can and United States Steel.

Subsequently other units were absorbed into National Biscuit, including the famous Shredded Wheat bakeries at Niagara Falls and elsewhere. The year 1931, as an instance, saw the acquisition of Wheatsworth whole-wheat biscuit and McLaren Consolidated ice-cream cones. Some bread and cake are made, but the principal business of the company remains that of making crackers. It operates its own flour mill and carton factory.

Mention has already been made of the early and continued use of advertising by the National Biscuit Company, and it is interesting to note that within two years of its formation the shareholders were receiving dividends at the rate of \$4 a year. By 1912 the rate had climbed to \$7 annually. In 1922 the stock was split up, 7 shares for 1; and in 1930 there was a further distribution of 2 1/2 shares for 1. Thus the holder of a single share in 1922 would now own 17 1/2 shares.

Prior to the 1922 split-up the price per share skyrocketed, from \$123 to \$263, within a few months during that year. An old-timer who may then have disposed of his stock will find little consolation now in multiplying the current market value per share, \$40, by 17 1/2, to discover that a single share in 1922 has a present value of \$700 even after three years of depression and deflation.

The company had enjoyed annual net earnings of approximately 5 million dollars in the period from 1919 to 1921, which jumped to 12 millions in the years immediately following and grew steadily to a high point of 22 millions in 1930. A slight drop in 1931 became more pronounced in 1932, and the year ended with earnings that may not have exceeded 16 millions. The dividend remains at \$2.80 per share, and the common stock of the company (as well as its management) continues to enjoy our highest rating.

#### How Postum Grew to "General Foods"

A SEARCH for health by Charles William Post, not otherwise known to fame, produced in 1895 a food drink made out of roasted whole wheat

and bran plus a small amount of sweetening. Soon Mr. Post was making for others what he called Postum Cereal. Two years later he began to sell a ready-to-eat cereal which he called Grape-Nuts, made of wheat and barley. He lived for seventeen years after that, waxing rich from the manufacture of those two health foods which he created. He died in 1914.

In the following year the Postum Cereal Company began to market a third product, the result of Mr. Post's experiments. It was another cold cereal, but this time it was corn flakes rather than wheat. It was named Post Toasties. In 1922, when the medical profession began to appreciate the value of bran bulk in diet, the company added a fourth product, which it called Post's Bran Flakes.

These products of the Postum Cereal Company, all developed through research, formed a natural group. By 1925 the company was doing a business of \$24,000,000 a year. It decided to expand, to burst forth from breakfast-table limits. It bought Jell-O, a gelatine dessert. In 1926 it purchased Swans Down Cake Flour and Minute Tapioca. In 1927 it took on Walter Baker's Chocolate, Franklin Baker's Coconut, Sanka Coffee, and Log Cabin Syrup. In 1928 it bought Maxwell House Coffee, Calumet Baking Powder, and Diamond Crystal Salt. These are some of its acquisitions; the list is not inclusive.

By that time the name Postum Company was a misnomer, and it was abandoned in July, 1929. Appropriately, the new name chosen was General Foods Corporation. Tracing its origin in this fashion it is plain that General Foods is neither a newcomer nor a merger created by Wall Street. It is essentially the same company that was founded by C. W. Post more than thirty years ago, which added to Battle Creek's fame.

A new General Foods venture of extraordinary interest and promise is the delivery of perishable foods to the housewife in packaged form. A subsidiary known as Frosted Foods, Inc., markets a series of food products—meats, poultry, seafoods, vegetables, and fruits—that are packaged and then suddenly subjected to below-zero temperatures. Freshness and flavor are sealed-in. There are permanent plants, such as those at Boston and Gloucester for freezing fish and other seafood; and there is portable equipment for quick-freezing berries, beans, mushrooms, and the like, at the source of supply.

Altogether, General Foods distributes eighty branded products, twenty-one of which are nationally advertised. It is a pioneer in the field of radio entertainment, its most extensive broadcast being that of Maxwell House Coffee and its vita-fresh can.

When General Foods purchases a widely known brand of food product, payment usually is made in the form of stock. Instead of 200,000 shares existing in 1922 there are now 5,250,000 shares. There were stock distribu-

tions of 100 per cent. in 1923, 1925, and 1928, so that the owner of one share ten years ago would now find that he holds eight shares.

Business done by the General Foods Corporation has averaged in excess of \$100,000,000 annually during recent years. There were net profits of 19 million in 1930, 18 million in 1931, and perhaps 12 million (our own estimate) for the year just ended. Earnings per share were approximately \$3.50 in the years 1929-30-31, and something over \$2 for the year just ended. The market value of General Foods shares on the New York Stock Exchange was 81 at the peak in 1929, 49 at the close of 1930, 34 at the end of 1931, and 26 on December 31, 1932. Thus General Foods retains one-third of its prosperity market value, though the general level of all industrial shares on the exchange is only one-sixth what it was. Its management blends conservatism and progressivism, in much the same fashion that it blends its Maxwell House Coffee.

### Food Companies in Wide Variety

HAVING DISCUSSED General Foods and National Biscuit as types, it is possible to mention with a swifter touch other leaders in the big business of food products. They are an amazingly fine lot.

Standard Brands, Inc., is similar to General Foods in many respects—in approximate assets and earnings, for example (though it has more than twice as many shares and therefore smaller earnings per share), as well as in age and scope. It was born in June, 1929, out of the Fleischmann Company; and in addition to its famous yeast it owns Chase & Sanborn Coffee, Royal Baking Powder, and other "standard brands." It is reputed to spend more than a million dollars annually in radio advertising alone—the Fleischmann Hour starring Rudy Vallee, and the Chase & Sanborn Hour offering Eddie Cantor, both to nation-wide home audiences.

The Borden Company deserves a chapter of its own in any study of food companies. It sells largely the product of the contented cow—fluid milk,

condensed milk, evaporated milk, malted milk, dry milk, cream, ice cream, butter, and cheese. Eggs form the major side-line. You may buy Borden's products, delivered to your door in Borden's wagons, in fourteen states—not only in a continuous strip extending from Massachusetts to Missouri, but also in such widely separated places as Texas and California. Borden's is seventy-five years old, and in the last year of normal prices (1930) it did a business of a million dollars a day. Milk costs now are low.

Swift & Co. holds first place in the food industry in the matter of gross sales, which reached an approximate total of one billion dollars in 1929. Lower meat

### FOODS AS BIG BUSINESS COMPANIES LISTED ON THE NEW YORK STOCK EXCHANGE

	Market value
Number	of stock
Meats and fish . . . . .	6 \$ 63,051,925
Milk and milk products . . .	6 226,223,523
Flour, cereal, bread . . . .	11 408,225,695
Sugar (U. S. only) . . . .	3 69,636,777
Mineral waters and drinks . . .	4 155,745,727
Foods, groceries, canning . . .	10 535,450,604
Confections and fruits . . . .	6 131,103,944
	—
	46 \$1,589,447,195

Representing one-fourteenth of the total market value of all shares listed on the New York Stock Exchange: railroads, public utilities, and industrials. December 1, 1932.

prices have naturally brought the dollar volume down since then. Armour & Co. runs a close second to Swift. These companies are important factors in related industries, such as fertilizers and leather, and Swift does a large business in butter and eggs and poultry. The courts recently have hampered their ambitions somewhat in unrelated food industries.

An unusual type of combination is that offered by the Gold Dust Corporation, which began life as a manufacturer of soap and washing-powder but in recent years has absorbed widely known brands of flour, oatmeal, shoe polish, and mayonnaise. The Corn Products Refining Company sells corn products for the laundry and for cooking, as well as for the table. It is admirably managed, and profitable. Del-Monte (California Packing Corporation); Beech-Nut Packing; Hawaiian Pineapple—these are household names.

There can be no attempt in this article to make the list inclusive. One could mention a host of bread companies—such as General Baking Company and its Bond Bread; Continental Baking Company and its Wonder Bread; Ward Baking Corporation, and Purity Bakeries.

A separate article could be written around certain by-products of this Big Business of feeding America with packaged and trade-marked food products—the American Can company, for example, and chain-store outlets such as the Great Atlantic & Pacific Tea Company.

**H**OW HAS THIS food industry fared during three years of depression? While most other corporations have abandoned the beautiful habit of paying dividends, our food stocks as a class have something to distribute to the shareholder. For that reason the market value of the food-industry group has depreciated less than that of any other classification except tobacco stocks and perhaps public utilities.

Automobile companies, for example, have shrunk in value on the New York Stock Exchange from 6 billions in 1929 to less than 1 billion now; and railroads from 12 billions to 2. Perhaps 15 per cent. of their paper value remains. Our food-industry shares meanwhile have fallen from grace to the extent of a shrinkage from 4 1/4 billions to 1 2/3. They retain 40 per cent. of their peak value.

It is of course good theory to figure that people must eat even in bad times, and that sales of food products will continue. It is similarly good theory to recognize that the cost of raw materials (such as flour, sugar, butter, and coffee) was shrinking faster than the price of food products at retail, thus leaving a larger margin of profit.

But competition is keen in the food business, and these leaders have had to meet their own problems. Continued advertising is a main reliance. The industry ranks second to the drug-and-toilet group, and ahead of

automobiles, in magazine advertising; it is sixth in newspaper advertising, and leads all (except radio itself) in radio advertising.

The old slogan, "We couldn't improve the contents, so we improved the container," holds good at all times throughout the food industry. An elaborate system of prompt delivery of dated coffee, to retain its best qualities, is matched by a super-vacuum package. Modern style in design of package and label must be encouraged, but changes in appearance must be held in check and fed to the consumer slowly. He has become accustomed to the old package and is wary of the new. Yet a new style of container will often increase sales.

We shall not soon forget the suggestion dropped by one of our informants: that your favorite brand of coffee, so carefully blended, will differ in blend though not in name or appearance if you buy it in a different section of the land. Southerners, for example, will not like the same trade-marked coffee that appeals to New Englanders. In the same fashion your pet cereal may vary in crispness or softness if you happen to be eating it far away from home.

A packaged food executive is prepared to show you that his wares in small containers are not more costly to the consumer than if sold from barrels and boxes in the old-time grocery. They are, of course, more sanitary. There is less spoilage from deterioration and breakage. But further than that our much-discussed machine age fills these cardboard, tin, and glass containers with extraordinary efficiency and economy.

The food man is prepared to demonstrate also that his form of big business, no matter how big it becomes, has none of the features of a trust or monopoly. You cannot have a monopoly in food. Rarely does a food company swallow a competitor; rather does it absorb a new product which it wants, to round out a manufacturing or merchandising plan.

There are savings at times in manufacturing, and always in overhead. But the real economy is in sales and delivery. Savings are apparent in the regular delivery of a series of products. More important, if less apparent, is the increased efficiency of the salesman. Offering a variety of goods, he calls oftener on the storekeeper. His territory is thus smaller. He knows his customers better, and they in turn welcome his appearance. He becomes less a traveling salesman of the old school, and more a local citizen of importance. The bond between producer and retailer is strengthened.

This is the story of the big business of food products, as it has entered the year 1933. It is a story of health, efficiency, ideals, and achievement. It is a story that could well be expanded to deal elaborately with the personal element, the men behind the expansion that is here recounted. But they prefer to remain in the background.



THE LOG CABIN GROWS UP

A new and modernistic bottle, successful in test markets where it is being tried out. But the old log-cabin tin still is popular, especially with children and with men.

# A New Crisis in Manchuria

By HARRISON DOTY

AMERICANS may perhaps suspend judgment regarding the Manchurian situation. Tokyo thinks Japan's activities as well justified as ours when the Republic of Panama was set up in 1903.

JAPAN'S SEIZURE of the Chinese Shanhaikwan, early in January, focussed world attention again on Far Eastern difficulties. What actually precipitated the attack remains obscured; but the event itself was not altogether unexpected. Possession of the city is necessary to the aims of Japan's alliance with the new state of Manchukuo, the name given the former Chinese provinces called Manchuria.

Shanhaikwan, just south of the great wall of China at its northern end, is a seaport on the Gulf of Liaotung. Dairen, the Japanese harbor almost at the tip of the Liaotung peninsula (which forms the opposite shore of the Gulf), is a hundred miles away. Holding these two ports, Japan controls the sea gateway to northern China. Ultimate Japanese objectives, based on possession of Shanhaikwan, are problematical.

One aim might be to hold the seaport simply as a means of strengthening the position of the northerly Manchukuo. Some observers detect a hope to put Japan eventually in control of China proper as far south of the wall as Peiping (old Peking) and Tientsin. Others feel that it is the first effort to bring the adjoining province of Jehol, and perhaps outer Mongolia, within the new Japan-sponsored state of Manchukuo.

Japan has repeatedly asserted that Jehol—lying between the Great Wall and Manchuria—is an integral part of the new state. China has denied this. The Lytton Report carefully differentiates between Jehol and the three provinces which form Manchukuo. Thus there are two viewpoints.

Whatever the objective, this renewed fighting recalls that the Lytton report is still under consideration; that the League of Nations Committee of Nineteen was at the moment attempting to secure Japanese participation in a conciliation commission recommended by the report, and urged by the League Assembly.

This recommendation was the first in a series which the Lytton Commission offered as a basis for settlement of Manchurian difficulties. Its report describes a China whose chaotic condition is attributed largely to unassimilated foreigners, war lords, banditry, and

communism. Manchuria is pictured as under the domination of a succession of war lords who have annually sopped up 80 per cent. of public expenditures in maintaining armies of as many as 250,000 soldiers. The Chinese-Japanese treaties in regard to Manchuria are reviewed; as are the related collection of grievances which Japan harbors against an uncooperative China, culminating in the assassination of Captain Nakamura of the Japanese army in midsummer, 1931.

Up to that point, the commission finds China and Japan both to blame for the unstable state of affairs, with the Chinese boycott against Japan an important cause of friction. For events following, however, Japan bears the brunt of criticism. The island empire apparently was highly prepared for active hostilities, and lost no time in going into action. Her plea that she acted in self-defense is not entirely justified, the commission implies, either in Manchuria or at Shanghai.

Manchukuo did not declare independence spontaneously, but under the prodding of Japanese officials who had assumed provincial authority. "After careful study of the evidence . . . we have come to the conclusion that there is no general Chinese support for the Manchukuo Government, which is regarded by local Chinese as an instrument of the Japanese."

In two concluding chapters of the Lytton Report, specific plans are suggested for a settlement to secure, "with justice and with peace, the permanent interests of China and Japan in Manchuria." It is affirmed that "a mere restoration of the *status quo ante* would be no solution"; but "maintenance and recognition of the present régime would be equally unsatisfactory." It is urged that any settlement failing to take into account Russian interests in the region would be unwise, and that a satisfactory plan must be in accord with existing international agreements.

As a first step toward what might be a satisfactory solution, "the Council of the League should invite the governments of China and Japan to discuss a solution of their dispute." Then "the government in Manchuria should be modified in such a way as to secure, consistently with the sovereignty and administrative integrity of China, a large measure of autonomy." It is to this semi-autonomy that Japan has objected, for she wishes Manchuria to be under some responsible control.

China could exercise a large measure of control over the state's foreign treaties, (Continued on page 62)



MANCHUKUO claims Jehol as its own. The Lytton Report disagrees. Will the verdict be made by guns or by words?

# Highways and Railroads

By  
ALBERT SHAW

THE STORY of Pennsylvania's highway building, as related in following pages by Dr. J. Horace McFarland, will be regarded as of immediate interest in many other states. Governor Pinchot is at his best when he has the chance to work out practical policies in the general field of his life-long studies and efforts. He thinks of the state in its natural resources as something to be planned, conserved, and improved for its present inhabitants and their successors. Many years ago he was in the forefront of the small group of men who mastered the science of forestry in all technical aspects, and then became leaders of conservation policy at a time of critical importance. With James R. Garfield, and one or two others, he led the advance guard that won victories in Theodore Roosevelt's Administration for the actual carrying out of conservation programs. As Governor of Pennsylvania, Mr. Pinchot has had opportunity to study the landed domain of the Keystone State and to lead in the adoption of a forest policy that will benefit future generations.

But Pennsylvania is not merely a land of mountain slopes once covered with dense forests, of vast coal fields, both bituminous and anthracite, with deposits of iron ore, with oil wells, and with preëminent industries of various kinds. It is also an agricultural state, and it will not lose that character, even though its agriculture may be overshadowed by other interests.

Governor Pinchot has always cared greatly about farming and country life. Facing the need of relieving unemployment by various methods, the Governor has worked out a plan whereby local township roads may be improved on permanent engineering plans, tied into the state system of highways, and built with strictly local labor at local rates of pay while using up-to-date machinery. It is about this system, now employing at least fifty thousand men, that Dr. McFarland writes in the article that follows. The state of Pennsylvania is rapidly creating and bringing into unrestricted use an immense public utility in the form of a permanent highway system.

And this remark actually applies, today, to every state in the Union. If we figure maintenance and other



RAILROADS build and maintain their rights-of-way whereas Federal, state and local governments combine to do the job for bus and trucking lines. Above is pictured a Pennsylvania "Pinchot" road under construction.

costs as well as initial construction, the permanent highway system of the United States involves an investment at the present moment—for the period of the last ten years alone—of about sixteen billion dollars. If we should undertake to set a value upon these highways, with their bridges and appurtenances, reckoning also a fair appraisal of rights of way and earlier investments, it would be easy to show that within a comparatively brief period the people of the United States had invested as much money in their highway system as in their railroad system—much of it spent wastefully.

It is true that the country always had its open roads. But previous to the development of the automobile the roads were used locally. The turnpike system, created throughout the older states more than a hundred years ago, was always treated as a public utility; and the people who used it paid mileage tolls at varying rates. The railroads, however, took the longer freighting haulage away from the turnpikes, and put the mail and passenger coaches out of business. Then the highways gradually abandoned toll gates and became a part of the free local roads, maintained at the common cost by townships and road districts.

In this magazine for last October, Mr. Charles B. Steward set forth the transformation that has taken place in the nature and use of public highways, in a convincing article that has attracted wide attention. Automobiles, trucks and omnibuses, of which only 8,000

were registered in 1900, had increased to 26,722,718 in 1930. The idea that the users of these roads should pay annual license fees, as a contribution toward maintenance, became an accepted one. Then, in a very small way, one or two states adopted the plan of a sales tax on gasoline.

This tax proved so easy to collect, and so well supported by public opinion, that the gasoline tax became a welcome source of revenue in all the states, with a tendency to increase the rate. Several southern states last year were collecting six cents or more per gallon. Many other states had rates of three cents or four cents. Pennsylvania and Illinois had the three cent rate, Ohio and Indiana collecting four cents, while New York and Massachusetts kept the rate at two cents, and the District of Columbia collected two cents.

**I**T WOULD SEEM that if the public investment in the construction and maintenance of highways were analyzed, it might be found that the gasoline taxes ought to be equalized throughout the country, though not increased beyond present average rates. There is nothing in Mr. Steward's presentation that would suggest any heavier tax upon the consumption of gasoline. His argument is directed, rather, toward the opening of the public mind, so that account may be made of the fact that the highways are an investment which ought to be made to pay returns at least equal to a fair rate of interest upon their cost, plus current outlays for maintenance.

If the highways can be made to pay interest and amortization upon construction, together with maintenance charges, there could be no objection to their further rapid development provided all plans are based upon actual community needs, and worked out under scientific engineering direction. The question of license fees, and of proper charges upon commercial trucks and passenger-carrying motor vehicles, is one that requires further analysis and comparative study.

It would seem to us that the public should and can be made to grasp the principle that the highway system is a great public asset. It can be used to pay its own way, and perhaps to contribute a good deal to public treasures for the relief of the burdensome taxes upon farms and real estate. It should be plain enough that railroad companies ought everywhere to be granted the right to make use of the highways on the same terms as other commercial users.

The present situation does not so much call for additional heavy charges upon the users of highways as it does call for thorough-going relief of the railroads from burdensome restrictions. With greater freedom to manage their own affairs, including liberty to adjust their own rates and to deal as freely with employment situations as their competitors are at liberty to deal, the railroads could soon adjust their expenditures to their revenues, and pay a return to their owners. The highway system can readily be made to earn enough to finance outstanding debts for past investments in construction and maintenance, and to continue raising some public revenue. License fees and gasoline taxes in some states are already making the highways a profit-earning public investment.

Our outrageous treatment of the railroads, on the other hand, is keeping those magnificent properties in control of government, labor unions, and money-lenders.

Proper policies in the railroad field would have paid off mortgage indebtedness a generation or two ago, thus avoiding all danger of foreclosures. More recent investment in improved terminals and trackage should have been paid for out of accumulated reserve funds, set aside for that express purpose. Railroads should be encouraged to get away from Wall Street, and should be allowed to earn enough to pay their debts.

They should also be at liberty to go into the labor market and employ people at current rates. It requires more attention and skill to operate commercial vehicles on the public highways than to run switching engines in a railroad yard, or to operate a freight train. Yet the men lucky enough to have the railroad jobs receive more than twice as much pay as those who are employed by the competing utilities. This situation is due to nothing except hampering regulations, under laws that bear no actual relation to existing conditions. There is far more danger to life and limb on the highways than on the railroads. The old-time notion that the public safety was peculiarly involved in the railroad business is obsolete, and the railway labor laws should be repealed, or applied to many other kinds of employment.

We have referred Mr. Steward's article to several economists of high authority, all of whom are in accord with its principles. It is the common opinion of these economists that "public utilities commissions should have jurisdiction over the franchises and rates of carriers, regularly operated for hire". One of these economists carries the principle further, and would have the government obtain pecuniary returns from other facilities that have been provided for the general benefit.

**T**O SUM IT UP, our people have invested in two transportation systems, both of which are necessary and which ought to be complementary and co-operative rather than wastefully competitive. If we were using only a few automotive vehicles it is obvious that our immense expenditure for hard-surfaced highways could not be justified. But since we are using 26 million it can readily be shown that the traffic will support the original construction investment, and also take care of further extensions, and of maintenance.

But if we are going to make the highway system self-liquidating and fully solvent on its own basis as a productive utility, it is certainly true that we ought also to maintain the railroads, and to keep them solvent on a fair valuation. We should scorn the meanness and the dishonesty of public policies that tend to confiscate the honest investment of the share-holders.

A state like Iowa, for example, should be equally glad to have the service of both systems. We ought not to think of the government operation of railroads, any more than we should think of the government operation of every truck and omnibus that moves on the highways. But it would have been fortunate, perhaps, if the state of Iowa had, from the beginning, used the power of eminent domain to lay out rights of way for all railroads, holding such railroad lands as a permanent state asset, to be leased on easy and reasonable terms to operating railroad companies.

Such a policy would have made it easier for the people of Iowa to consider the railroads that serve them as a utility entitled to fair treatment as regards their solvency, and to the protection of all investments in trackage, stations, rolling stock, and other equipment.

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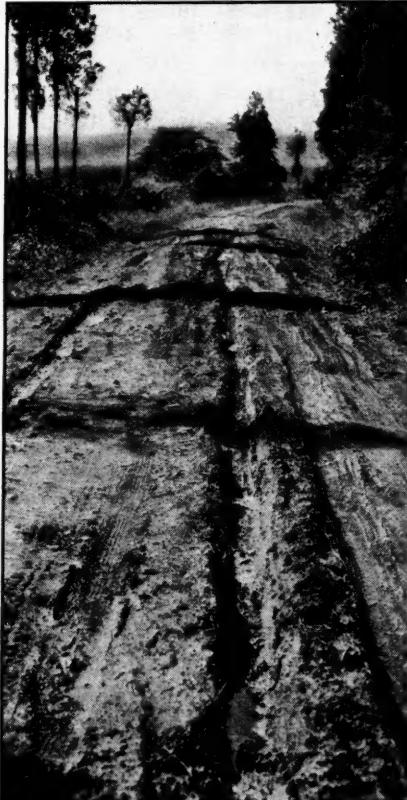


## Pennsylvania's Work-Relief Roads

By J. HORACE McFARLAND

SATED IN A CONFERENCE of the seven district engineers who develop and maintain the nearly 35,000 miles of the Keystone State's extraordinary road system, I asked how long the new work-relief type road would endure. One engineer promptly told of a section of very similar construction which he had known for twelve years and believed was good for another dozen years. This seemed to indicate that the Pinchot Roads — as they have come to be called, because of the promise of that picturesque Governor at the beginning of his term in 1931 to take over some 20,205 miles of township dirt roads to "get the farmer out of the mud" — were likely to be well worth much more than the money they cost, independent of the work-relief operation.

Pennsylvania's presently controlled roads include 34,145 miles, of which some 10,526 miles are in the primary and secondary class of permanent construction. These primary roads, of the highest type cement-concrete, have cost from \$50,000 to \$60,000 per mile. Some of us believe they are quite unfairly putting the railroads out



MAKING NEW ROADS IN PENNSYLVANIA

Starting from scratch in many instances, some 4900 miles of secondary or farm-to-market roads have been hard surfaced within fifteen months. At the same time 49,982 resident workers were benefited by the work provided.

of business by providing publicly paid-for opportunity to secure low ton-mile truck costs, out of all relation to the tax participation of the tandem gas-propelled vehicles that "hog" them. The secondary roads, not all concrete, are thoroughly substantial and sturdy.

But the new Pinchot Roads, of which I am writing, are best described by Secretary of Highways Lewis as "not only farm-to-market roads but market-to-farm roads, bringing the city business men an opportunity conveniently to reach a great host of new customers. They touch the productive soil, the homes, they are the originating arteries of the state's intercourse. Heretofore located and maintained by the township — the most inefficient subdivision of American civic mechanism — they were good, bad, and indifferent (seldom the first) as the incapacity of the township officials and the poverty of the township influenced them. They were the tailings of colonial times, just about endurable when it took two or three weeks to get election returns to the county seat. To the automobile they were mostly anathema, especially when fall and



PENNSYLVANIA'S work-relief roads are not main highways. They are township dirt roads, 20,205 miles of them, taken over by state work-relief operations to "get the farmer out of the mud" while giving employment to the jobless.

Photographs from Pennsylvania Department of Highways

close to a half-million people are thus kept from dire distress through this work-relief method.

The mechanism, worked into smooth efficiency under Governor Pinchot by Secretary Lewis and Chief Engineer Eckels, has required the scrapping of many ideals. The native stone of the state nearest the road being hard-surfaced was used. There was no silly insistence on all hand-labor, because ten times as many men could be put to sustaining work if capable mechanical equipment did the heavy grading.

spring rains and sudden thaws made their mud even Ford-defying.

"Penn's Woods" includes a vast variety of slopes and hills, but not much flat land. The state has yet much of the forest, and hundreds of miles of wooded slopes with vistas of loveliness as the great rivers cut through dominating ranges. Ten millions of people live and want to work within its borders. Not only first in manufactures, it is also a great agricultural state, and the variety and value of its mineral resources—other than the coal and iron for which it is best known—are seldom realized.

It is this vital productive "hinterland" that is being connected with the workaday life of the state by the 20,000 miles of what Secretary Lewis calls "all-weather, all-season highways . . . bringing schools, churches, and rural social centers into easy reach."

The astonishing fact is that since August 15, 1931, the fifteen months of high and wise work-relief to November 15, 1932, have brought about the hard surfacing of 4900 miles of these roads "at an average cost of approximately \$6000 per mile. On all of the remaining miles of these rural roads taken over by the state, every one has been brushed, widened, and drained, pending further improvements."

That it has been possible to do this work effectively in a state with a constitutional provision for lowest-bid contracts is due to the courage and foresight, and indeed public mercy, of the officials who have put directly on the state's payroll, under wise supervision, well-nigh 50,000 out-of-work residents of the localities in which these roads were improved. (The work-sheet for the week ending November 26, 1932, showed a total of 49,982 men at work in the 66 counties of the state on the public roads, and of these the common labor type included more than 42,000.)

Wise and humanitarian planning has provided that these men work no more than thirty hours per week, and at the current labor wages of the locality, thus putting in about half time, so that employment may be given to double as many. It is fair to estimate that

Where did the money come from for all this unemployment-relief operation? The answer is almost as gratifying as the accomplishment is satisfactory. The state's large income from motor license fees and gasoline tax was the foundation. An act of the last Legislature, providing certain relief funds, previously administered as an inefficient county dole, added to the sum. The federal government's contribution, through the Reconstruction Finance Corporation, has also been administered legally and most efficiently in supplementing the program.

**W**HILE ALL THIS was going on, the steady progress of the road system of the state in its main and secondary highways was continued, and much additional work-relief was provided through the standard contracting system. The authorities realized that the self-respecting employees of a skilled highway contractor could get just as hungry as those who had never done any road work at all. This work has been kept going, and wisely.

Let no one underestimate the quality of the roads which have thus been built with the people's money by the people themselves for their own relief. They are well drained; they are hard surfaced for the most part, and as fast as it can be satisfactorily applied they are water-proofed. Quoting from Secretary Lewis, he writes that: "We used 35,000,000 gallons of bituminous materials between January 1 and November 1 of 1932. These roads have been relocated for safety, with horizontal and vertical curves often reduced. . . . Warning and informative signs are everywhere maintained on our highway system." He does not add, as well he might, that thousands of miles of hitherto-inaccessible scenery of the most beautiful and novel character have been opened for comfortable travel. In 1933 a week or a month may well be spent in Pennsylvania!

Thus has been and is yet being provided a vast and beneficent humanized plan of self-respecting work-relief of incalculable advantage not only to those directly concerned, but to the state and to the nation.

# Default and Collection

Franco-German Experience in the Ruhr Valley Ten Years Ago

By ROGER SHAW

**D**R. WILHELM CUNO, general director of the Hamburg-American Steamship Line, was primarily a practical business man of the finest twentieth-century type. Educated at Heidelberg, Berlin, and Breslau, it became his lot to serve as German Chancellor during the most critical period of his country's post-war history. He was the scion of an old Thuringian family, and had been connected importantly with the great shipping concern since 1917. His untimely death at the age of 56, coming as the result of long-sustained overwork, brought to an end a distinguished public and private career. World War indebtedness had been his greatest life problem.

Non-partisan in politics, although inclined to the right, Dr. Cuno served in the chancellorship from November, 1922, till August, 1923. A financial and economic expert, he readily perceived that the German reparations load was so ponderous as to be impracticable, and he requested a debt moratorium from France. There followed the French invasion of the Ruhr, which was met by Dr. Cuno's famous campaign of passive resistance. These were the tactics of a German Gandhi, who knew from experience that the strike is mightier than the tank. The Ruhr War presents an exceedingly instructive historical chapter.

In December, 1922, Germany was said to have defaulted in her reparations payments to France. In December, 1932, France defaulted to the United States in the matter of war debt payments. It is interesting to note, at this time, the action taken by France in the matter of the alleged German default a decade ago.

On December 26, 1922, Germany was accused of default in the matter of 20,000 cubic meters of boards and 130,000 telegraph poles. A few days later came a shortage of required coal deliveries, estimated as ten to fifteen per cent. below par. (Germany, it will be remembered, was paying a considerable proportion of her reparations in commodities in that period.) The Allied Reparations Committee, with England dissenting, decided that the Reich was guilty of intentional non-payment.

Blue French and khaki Belgian armies marched into the Ruhr region—industrial nerve-center of Germany—on January 11, 1923. The Allies had occupied the left bank of the Rhine in 1919 under the terms of the peace treaty, but now French Renault tanks were rumbling up the streets of Essen, the German Pittsburgh, and lesser cities of the so-called coal kingdom. Diplomatic relations between Paris and Berlin were severed as a matter of course; and reparations payments were automatically halted *in toto*.

Germany had been thoroughly disarmed by the Versailles peace, and her little Reichswehr of 100,000 could not hope to contend with invasion. Dr. Cuno, at Berlin, appealed unavailingly to neutral nations, and then hit upon a plan unique in the world's history. The German

government called a sort of general strike, directed against the invaders. Hitherto, general strikes had been the ultimate threat of militant trade-unionism, and the horror of employers and of statesmen. Now the strike weapon was called into action as a measure of national defense. Civil servants and railway officials were forbidden by Berlin to serve the French, who in turn tried to collect taxes and take over government property. The miners of the Ruhr joined in the action, to prevent the French from acquiring coal and coke. German officials and even leading citizens were fined and often jailed. There were riots, shootings, and guerrilla murders. Order of a sort was preserved by the skillfully-served "75" guns of the French artillery.

Mahatma Gandhi is a keen student of world affairs. Without a doubt he studied the Ruhr proceedings intently—and when his campaign of passive resistance was launched in India some years later, his effective technique was probably based on this concerted action of the Germans. French and British generals learned that one can fight force with force; but that one *cannot* fight organized inertia with force. It is perhaps the greatest tactical lesson of modern times.

**T**HE GERMAN government financed the Ruhr into September, 1923. Dr. Cuno was finally forced out of office by the terrific financial stress engendered. He was succeeded by his friend Gustav Stresemann, and the latter terminated the long siege. The currency collapsed completely as a result of the strain, and by November an American dollar was worth no less than 2½ billion marks. This acute inflation, in turn, wiped out the bond-holding bourgeoisie—who subsequently flocked into the "white-collar" Hitler movement. (The Dawes Plan, which tried to put reparations upon a scientific rather than an emotional basis, came in 1924; the Young Plan in 1929; the conclusive wind-up at Lausanne in 1932.)

In the Ruhr matter Germany attempted to negotiate, but the French refused. Meanwhile France fostered independence movements in the occupied German Rhineland on the left bank of the river. Finally there was a settlement of sorts, Germany getting back her rights of administration in the Ruhr, her railways, and governmental property. Two years later, in 1925, the French armies finally completed their Ruhr evacuation. Today there stands an interesting monument, dedicated to the slain German workers. As the French horizon-blue battalions withdrew, symbolically they dipped their regimental tricolors in the turgid waters of old Father Rhine. But the Ruhr invasion did not pay. For the French it was too expensive; cash and commodity collections fell short of their expectations. The later fall of the franc was perhaps not unconnected with the episode. All in all, it was an unfortunate chapter in international relations. But it taught a lesson.

# •• A DEPARTMENT OF CIVIC ACHIEVEMENTS ••

In Coöperation with the American Civic Association

## Restoring Lincoln's Home Town



THE ORIGINAL TOWN of New Salem, Illinois, is being restored as of Lincoln's early days. Above is shown the restored Rutledge Tavern, Dr. Allen's residence, and the Hill-McNameer Store.

**N**EW SALEM would be forgotten, as other pioneer towns have been, but for the fact that Lincoln once lived there, engaged in business, and took an active part in the life of the community. The village died in 1840 when the railroad which was put through missed it by two miles. Only one of New Salem's cabins is still standing, a reminder of the life and activity that once went on there. A hundred years ago it was a typical frontier town, with two hundred inhabitants, a long main street, and twenty-five cabins of varying sizes which included the large tavern.

This forsaken town has been sleeping for almost a century, on the high bluff which was such a strategic and beautiful place for the pioneers to choose for a settlement. It overlooks the Sangamon River, broad fertile plains, woods and hills. It is now being awakened and remembered, and is to be restored to its original state and preserved as a Lincoln shrine.

Lincoln, then a lad of twenty-two, on his way up the Sangamon River in 1832, was halted near New Salem when his boat was stranded upon the famous mill dam nearby. He came into the town a friendless, overgrown boy, uncouth, and with only a meager knowledge of the three R's. At New Salem he found more cultivated and substantial people than he had ever known before. Here his character was formed, his education furthered, his name of Honest Abe acquired. He was a woodchopper, a storekeeper, a surveyor, and a student by turns. He was appointed postmaster, using his hat for his office. It was in

New Salem that he met and fell in love with Ann Rutledge. It was from New Salem that he set out on the old stage road to Springfield to become a lawyer and legislator. He never returned, but the town meant a lot to him and he intended to make it his rural home after his second term in the presidency.

Except for the construction of a hand-some stone museum on this site, twelve years ago, no work was done until recently, when Governor Emmerson determined to carry out the project of restoring the village. He appointed a committee to undertake extensive research concerning the old town and its early inhabitants. This committee studied all available records in the court-houses at Springfield and Petersburg. They searched through Lincoln biographies and other books dealing with New Salem history. They interviewed old residents of the county, particularly a man of eighty who remembered how the town looked when he was a boy. A crew of diggers excavated foundations and probed for bricks and remains of timbers which would indicate lean-tos, additions, outside cellars and positions of fireplaces. The investigators have been able to determine the exact facts concerning the size and shape of the original log cabins, and restoration work has begun on fourteen of them.

The one cabin still standing, the old Onstott Cooper Shop, has been covered with a permanent shelter to protect it from ravages of the weather. In this building, Lincoln used to study at night, by the light of the cooper's shavings burning in the fireplace. The fourteen buildings to be restored in this first unit

of reconstruction include eight houses, five shops, and the Rutledge Tavern where Lincoln spent many happy hours. The shops include the Lincoln and Berry store, Clary's grocery, Denton Offutt's store, Hill - McNameer's, and Miller's blacksmith shop.

Fidelity to fact is the keynote of the whole undertaking. When this work is finished, the semblance of a vanished era will be perfect. The atmosphere of the place where Abraham Lincoln spent six of his happiest and most fruitful years will be faithfully reproduced for us.

THE Lincoln and Berry store will be of sawed oak lumber with walnut sidings. The others will be of hewn oak logs. A few will have picturesque log chimneys lined with mortar. Others will be built of sticks and clay. The majority will have floors of sawed boards, but some of the poorer homes will have puncheon surfacing underfoot. These dwellings will be strung out along Main Street, the old stage road, for half a mile along the ridge.

A group of women comprising the Old Salem Lincoln League will undertake the restoration of the interiors and household equipment, which will include cracker barrels and ginger-snap kegs for the stores. Thus Illinois, the country, and the world will be assured of a permanent reproduction of Lincoln's early days and the life of the time.

Salem is an old biblical word meaning peace. Here on this quiet, beautiful hill-top is the kind of peace befitting a shrine, and worthy of one of the most interesting and original parks in the country.

—C. M. SERVICE

## February Play and Work in New Orleans

NEW ORLEANS is busily preparing for its world famous annual carnival, the Mardi Gras. This festival reaches its gay climax in the six days extending from the 23rd to the 28th of February. Festivities end on the stroke of midnight of Fat Tuesday, when the chimes usher in Ash Wednesday and the beginning of Lent.

Although the balls and parties given each year are private, the Mardi Gras is a municipal event in that around \$30,000 worth of free entertainment and frolic are presented in the public pageants, which everyone may attend. These spectacles attract from fifty to a hundred thousand tourists each year. City beautification is an added attraction. Green and pink street paving, a \$1,000,000 lighting system and widened avenues are recent sources of civic pride.

There is also much work and excitement in New Orleans in connection with the construction of the \$13,000,000 bridge over the Mississippi. With the assistance of the R. F. C. work was started in December. The bridge and approaches will be four and three-quarter miles long; the largest span will be 790 feet long and 135 feet above sea level.

With true Louisiana loyalty, labor for the job will be supplied only by qualified citizens of Louisiana.

## Municipal Opera in San Francisco

WHEN THE old Grand Opera House burned in the great fire of 1906, opera as an institution died in San Francisco. Like the phoenix, however, it died to soar again, after a period of twenty-six years.

Due to the undaunted spirit and zeal

of certain public-minded citizens, San Francisco now has a beautiful new municipal opera house, said to be the first one in the country. Its initial season has been successfully concluded.

Disappointments and setbacks have been many since the idea of a War Memorial Opera House was first evolved in 1919. At a mass meeting of 10,000 persons in 1920, the slumbering opera fund of \$1,000,000 was increased by \$600,000. Ground-breaking exercises were held. For an entire month, in the glare of torchlights, excited mass-meetings took place. Flags flew, guns roared, soldiers marched, and finally the sum grew to \$2,150,000.

More setbacks followed, and more time passed; but San Francisco is not a city to give up, and in January, 1931, construction was at last begun.

The French Renaissance building, erected at a cost of about \$3,000,000, with a seating capacity for 3285 and an unparalleled stage, is now complete, and stands as testimony to the high endeavor and unswerving determination of San Francisco's citizens. Every stick and stone in the building was procured from forests and mountains within the state. Virtually every chair, drape, and table was made in San Francisco. The opera singers alone were imported.

## Civic Notes

A DOLPH S. OCHS of the New York Times is sponsoring the acquisition of park land on the slopes of Lookout Mountain. Several hundred thousand dollars have been spent in acquiring this land, with the primary purpose in mind of preventing the erection of residences and refreshment stands. Bridle-paths and automobile roads have been built. Milton B. Ochs of Chattanooga (a brother of Adolph) is president of the organization in charge of the development.

Lookout Mountain of Civil War fame, is part of a ridge that extends southwestward from Chattanooga, in Tennessee, into Georgia and Alabama. It is in the heart of the most beautiful and unspoiled territory in Eastern America.

• • • ONE OF THE interesting projects of the year, because of its spectacular nature, is the creation of Moana Park in Honolulu. This reclamation project of 65 acres is built on a coral reef from material dredged from the sea. Originally planned for future development, it is now progressing rapidly as an emergency measure to help the unemployed.

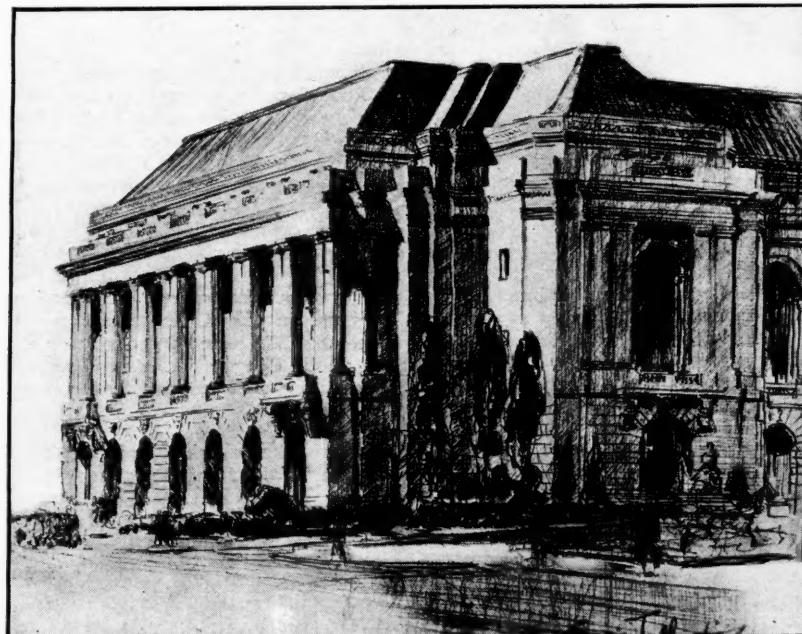
• • • CALIFORNIA has acquired one and a half miles of beach on Monterey Bay, near Seacliff, for state park purposes. This section of country, with its ancient storm tossed cypresses, beloved of artists and writers, and its "wine-dark" ocean—which owes its magnificence purple color to the vast quantities of kelp in the water—is a fortunate acquisition.

• • • THE NATIONAL Geographic Society lists five important federal highways put into use in 1932 and opening the way to historic and scenic spots. They are: the Mount Vernon Memorial Highway, from Washington to the home of George Washington; the Trail Ridge Road in the Rocky Mountain National Park, one of the highest scenic roads in the world; the Cadillac Mountain Road on Mount Desert Island in Acadia National Park, Maine; a scenic highway in Glacier National Park; and a scenic road along a crest of the Blue Ridge Mountains in Shenandoah National Park, Virginia.

• • • NEW YORK CITY opened last month a new section of its elevated highway. This is not national news, but its significance is that this section was built for \$1,147,471 less than the estimated price. Lower cost of material and labor made the saving possible.

• • • THE AMERICAN Scenic and Historic Preservation Society has renovated Philipse Manor Hall at Yonkers, New York. This is an old, historic mansion dating back to pre-Revolutionary days. Through the Emergency Unemployment Relief Committee, the Society has also begun the renovation of Hamilton Grange, the former home of Alexander Hamilton, in Convent Avenue, New York City. It is planned to make this into a museum of relics of the time of that great statesman, and also to use it as permanent headquarters for the Society itself.

• • • TWO NEW WINGS have been added to the Toledo Museum of Art, the gifts of Mr. and Mrs. Edward Drummond Libbey, founders of the museum. Toledo has certain of the most valuable art treasures in the country. Among them are pictures by Franz Hals, Sir Joshua Reynolds, Rubens, Rembrandt, Velasquez and Goya. The impressive beauty of the Grecian buildings, the attractive setting and the notable art collection which this museum can claim makes its completion one of the important civic events of 1933.



AN ARTIST'S SKETCH of San Francisco's War Memorial Opera House, built entirely of California materials. It is in the French Renaissance style, cost three millions and has a seating capacity of 3285 people.

# The March of Events

December 9 to January 10

## Government

Nearer beer . . . Philippine Independence . . . Death of Calvin Coolidge . . . An active President-elect.

PRESIDENT HOOVER renewes attempts for governmental economy by submitting to Congress (December 9) his suggestions for reorganizing departments and bureaus. The Senate Special Economy Committee and the House Committee on Expenditures begin consideration of the suggestions which, if not refused by Congress, automatically become effective after sixty days. They affect all but the Post Office and State departments. The sixty-day veto-power was set by the Economy act of 1932, which otherwise provided presidential authority.

PROMPT American participation in the World Court is urged (December 11) in open letters from prominent citizens to Senators of both parties. Reference is made to the fact that three treaties providing for membership were favorably reported to the Senate by the Foreign Relations Committee last June, but never considered further. The letters ask completion of the movement started in 1926 when the Senate voted to join the Court if certain reservations were met. These were: no relationship to the League of Nations; ability to withdraw at will; and no advisory opinions on United States conduct to be made without our consent. Treaties pending are said to meet these.

THE House passes (December 21) the Collier bill modifying the Volstead Act, to legalize beer containing 4 per cent. of alcohol by volume. There would be a tax of \$5 per barrel. Brewers would pay a \$1000 license fee, to prevent home-brew interference with the bill's ability to produce revenue. No restrictions are placed on sales; but penalties are provided where beer is shipped into dry states. Ninety-six Republicans join 133 Democrats and one Farmer-Laborite in securing passage, 230 to 165. It now goes to the Senate, whose Judiciary Committee on the same day is considering a measure repealing the Eighteenth Amendment.

THE HOUSE (December 29) gives final approval to a conference report embodying the ideas of both branches on Philippine independence. Ten years after the Islands indicate by popular acceptance of a proposed constitution that they want independence, the United States would withdraw. During the ten-year period, immigration and exports to the United States would be progressively limited and export taxes—returned to the Islands toward reduction of the territorial debt—would be imposed. After attaining freedom, the Islands must secure American approval for acts affecting currency and foreign commerce; and allow the United States to exercise control over foreign affairs.

THE JONES "parity plan" bill to provide farm relief is favorably reported to the House by its Agricultural Committee (January 3). Under it, wheat, cotton, tobacco, and hog producers would be encouraged to reduce their acreage. Pre-war prices would be accepted as guaranteeing a fair return to agriculture, and an assessment—equal to the difference between present and pre-war levels—would be laid on the processing of the commodities. This assessment, in proportion to production, would be returned to farmers meeting acreage reduction requirements.

CALVIN COOLIDGE, thirtieth President of the United States—aged sixty—is found dead on the floor of his home at Northampton, Massachusetts. (January 5)

A CONFERENCE in New York City between President-elect Roosevelt and Democratic leaders in Congress (January 5) results in a decision to balance the federal budget by a beer-tax, reducing appropriations, reenacting the gasoline tax, and—as a last resort—increasing by 50 per cent the normal tax on incomes. By following these plans, the Democrats hope to balance the budget without calling the new Congress in extra session.

THE Democratic President-elect and Republican Secretary of State, Mr. Stimson, engage in long conversations at Hyde Park (January 9). Without going into details, the conferees announce that "everything in relation to foreign affairs was discussed."

## War Debts

Six nations pay Uncle Sam on December 15 . . . Seven default.

ENGLAND informs the United States (December 11) that she will meet her debt instalment on December 15. She adds the condition that payment is not to be regarded as a resumption of contracts suspended by the moratorium of June 1931, but as a capital payment made on the total debt while waiting for discussions already endorsed by both governments. Secretary Stimson immediately replies that the Treasury can receive the money only under the terms of the funding agreement and without Congressional approval cannot accept payment on any other basis.

AT THE END of an all-night session in the Chamber of Deputies, that body votes (December 13) to reject Premier Herriot's resolution to meet the debt due the United States "to save French honor." Deputies accept, instead, a resolution calling for French initiative in convoking a conference of debtor countries preparatory to seeking a new settlement. Herriot resigns in disgust. Several hours before the French vote, Belgium had decided not to pay and the cabinet of

Charles de Broqueville resigned. This was interpreted as a result of the November elections rather than an immediate disagreement on debts.

THE United States Treasury announces (December 15) these figures at the end of the last day for European debt payment: Receipts, \$98,685,910, from six nations: Great Britain, Czechoslovakia, Italy, Finland, Latvia, and Lithuania. Still unpaid, \$24,996,511, by seven nations: France, Poland, Belgium, Estonia, Hungary, Austria, and Greece.

PRESIDENT Hoover's note to Congress on the debts (December 19) suggests that the President-elect and Congress immediately coöperate with the present administration in organizing a debt commission which can continue its work uninterrupted by the impending change in administration. The President urges prompt action in preparing to discuss the problem with nations "who have sought to maintain their obligations to us." Through this method, he believes, we can help achieve the world currency stabilization necessary to economic recovery. Next day, Governor Roosevelt telegraphs the White House that although he will do nothing to oppose immediate re-examination, he would rather not participate in organizing a commission. President Hoover announces (December 22) that he will leave the question of war debts entirely to the next administration.

## Unrest Abroad

Revolution and warfare on two continents.

ARGENTINA is declared in a state of siege (December 17) following discovery on the preceding day of a plot, involving two former presidents and the Radical party, to wrest control from the conservative President Justo. The declaration, in effect for a month, suspends freedom of speech and of the press; and it allows the government to arrest and deport, without court proceedings, any person considered dangerous to national order.

BOLIVIA launches a new drive against Paraguay in the Gran Chaco region (December 29). Pacifying efforts on the part of the League of Nations and the Commission of Neutrals have proved futile.

COLOMBIA completes (December 29) a 275-mile battle front along the Putumayo River, which flows into the Amazon. The action is interpreted as preparatory to punishing Peru for seizing the town of Leticia last summer.

WHILE the League of Nations' Committee of Nineteen is endeavoring to secure Japanese participation in a conciliation commission with China, Japan

Continued on page 57

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BOLIVIA  
PARAGUAY

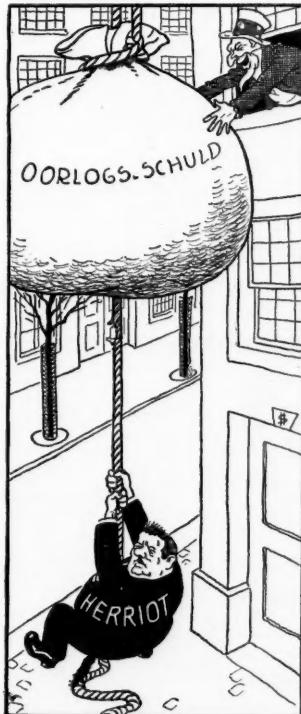
Mutual murder in the  
Gran Chaco region dis-  
gusts the peaceful  
Dutch cartoonist.

From *De Notenraker*  
(Amsterdam, Holland)

## THE NEWS THROUGH EUROPE'S EYES

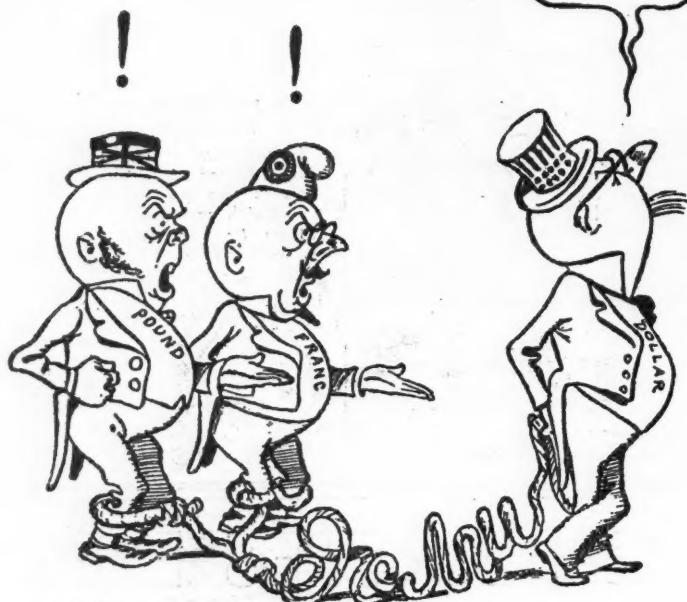


DANGEROUS FINANCIAL SEESAW?  
If American capital lassos the gold of Europe, both  
money-bags may land disastrously in the canyon of  
world crisis.



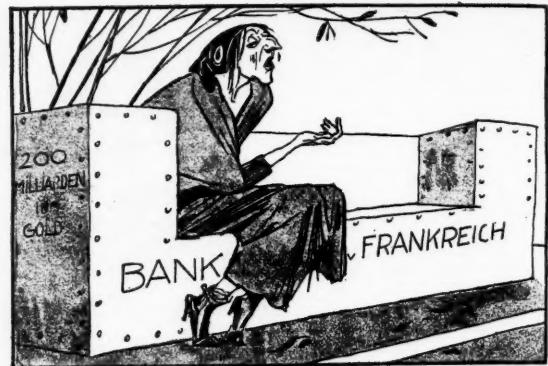
SAD FATE OF PREMIER HERRIOT  
He tries to haul French debt payments up to Uncle Sam,  
the greedy monster. But the rope breaks, Uncle Sam  
remains unpaid, and poor M. Herriot is ousted.  
From *De Groene Amsterdamer* (Amsterdam, Holland)



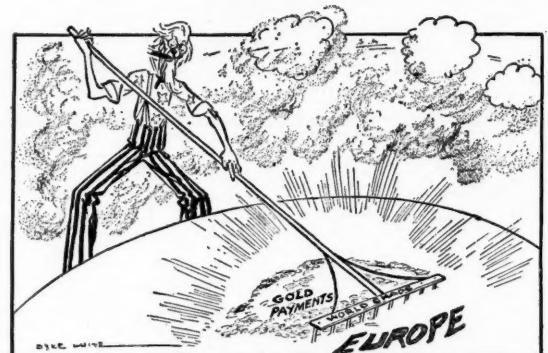


© Oleg Efimov 19

From *Izvestia* (Moscow, Russia)  
UNCLE SAM holds John Bull and the handsome Frenchman  
on a creditor's rope.



From *Kladderadatsch* (Berlin)  
POOR FRANCE, with so much gold in her banks, simply  
can't pay America!



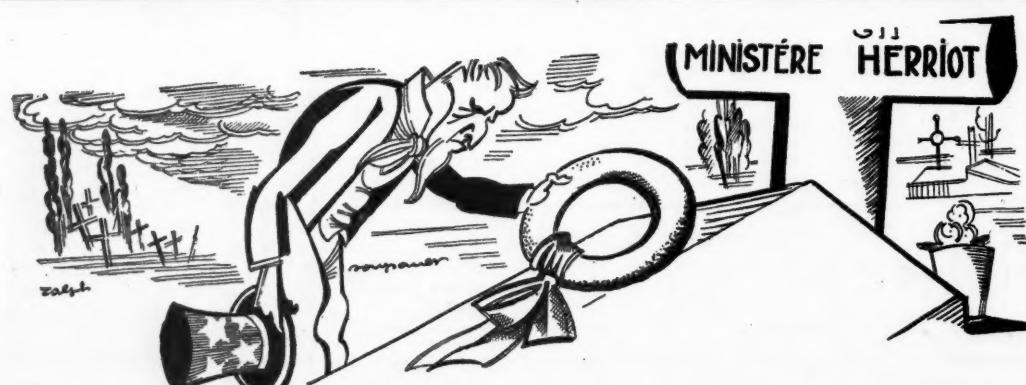
From the *Sunday Mail* (Glasgow, Scotland)  
"THE RAKE'S PROGRESS"—with suitable apologies.



From *De Groene Amsterdammer*  
(Amsterdam, Holland)  
WILL CHANCELLOR Von Schleicher sooths  
his infantile Reichstag to sleep?



From the *Record* (Glasgow, Scotland)  
THE PRODIGAL daughter returns to her creditor poppa, Uncle Samuel.

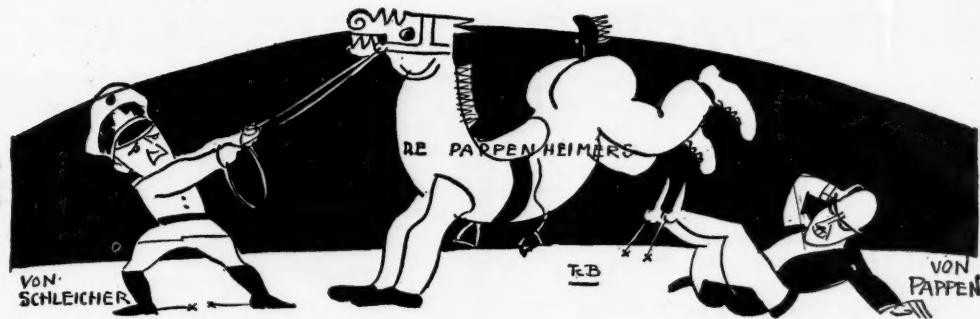


UNCLE SAM pays tribute to ex-Premier Herriot, who "died" in defense of all our American war-debt claims.  
From *Le Rire* (Paris)

GERMAN BUCKING BRONCHO

General Von Schleicher catches the restive German steed, which has unseated Colonel Von Papen.

From *De Notenkraaker* (Amsterdam, Holland)



THE WICKED UNCLE

He doffs his hat to peace, it seems; but what he really wants is that poor downtrodden France pay her debts.

From *Le Rire* (Paris)



BRITISH CINDERELLA TO SISTERS:

"If we pay that old American hag, maybe she'll turn out to be a fairy godmother. And maybe not!"

From the *Evening Times* (Glasgow, Scotland)



From the *Record* (Glasgow, Scotland)

ESCAPE FROM DEVIL'S ISLAND

The Frenchman gets away, cash free; while poor old Johnny Bull sticks to his war-debt ball and chain.

From the *Record* (Glasgow, Scotland)

## • FROM THE MONTH'S MAGAZINES •

### Colonel Howe— Presidential Pilot

By Carty Ranck in the Herald Tribune Magazine, and Arthur D. Howden Smith in Scribner's.

**H**E DISLIKES titles, especially the grandiose "colonel"; he is proud to be called Roosevelt's closest friend. He looks like a hard-boiled newspaper man; and he actually is an old newspaper man but is not hard-boiled. He is interested in politics, crime, and photography; he likes old clothes, old friends, crossword puzzles, the seashore, detective stories, poetry, and cats. Carty Ranck, in the *Herald Tribune Magazine*, speaks of him as follows:

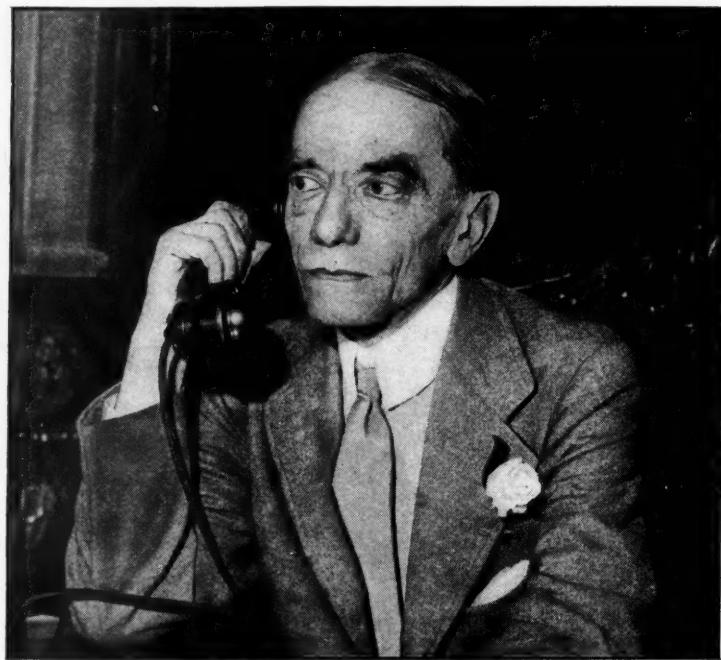
"Louis McHenry Howe is the mystery man of the last Democratic national campaign. He is a President-maker extraordinary; a man of quiet, simple ways who gets important things done in an unspectacular manner; a man who avoids the spotlight as assiduously as a prima donna seeks it; a half-pint man in stature but big enough to push his friend, Franklin Roosevelt, into the White House. That's the sort of little guy Louis Howe is!

"He is familiar with shell games and knows every time where the little ball lies. His knowledge of political chicanery and skullduggery is going to amaze many wise gentlemen at Washington when they meet him in March.

"Howe doesn't care a hoot for political preferment, but he has had the thrill of a lifetime in seeing the man he coached for the Presidency twenty-two years ago kick the goal and win the game. Like a master chess player he planned the moves and, while Big Jim Farley, as the political manager of Franklin Roosevelt's campaign since 1928, has bulked large in the limelight, it was Louis Howe who picked Farley for the job. He, before any one else, saw the possibilities of the big Irishman and recommended him to Roosevelt as a go-getter extraordinary.

"During the pre-convention campaign, when the hullabaloo and ballyhoo were at their height and hardened politicians were running around in circles yapping at one another, a small man in rumpled clothes, and mum as a mummy, was hidden away in an office just across the street from national headquarters in Chicago. Here he was sought by the wise and otherwise, and while some of the so-called Democratic leaders became hectic and excited over the outcome Louis Howe was as calm as Flatbush. That uncanny sixth sense of his told him that the friend for whom he had been working for twenty-two years was going to get the nomination and the Presidency as well.

"It was at Albany that he met Frank-



COL. LOUIS McHENRY HOWE upon whom President-elect Roosevelt relies most for advice. It is said he will reside at the White House during Mr. Roosevelt's incumbency.

lin Roosevelt, then a new and very green State Senator from Dutchess County. But in spite of his greenness Roosevelt refused to take orders from Tammany Hall, then under the iron fist of Charley Murphy. Roosevelt fought the New York organization tooth and nail and Louis Howe went to interview this independent youngster. From the start he liked Roosevelt's sincerity and earnestness and decided that this man had the makings of a President—a point of view that he never changed. Louis Howe has the faith that moves mountains.

"These two became the closest of friends and when Franklin Roosevelt was renominated for State Senator, Howe had a chance to prove his loyalty in a practical manner. Both Roosevelt and his wife had been stricken with typhoid fever and it was up to Howe to manage the Roosevelt campaign. When it was all over he had the gratification of telling the convalescent candidate that he had been returned to the Senate by a bigger majority than he had received in his first election. . . .

"Mr. Howe has a wife and two children—but he carries with him no aura of domesticity. In the home of Franklin Roosevelt he stands in *loco parentis*, and his advice is sought not only by the President-elect and his wife, but by the Roosevelt children, who have the greatest affection for this quiet little man with the queer clothes and big bump of humor.

"One may gain a clear idea of a man's character by the way his close associates speak of him, and Louis Howe has inspired the same loyalty in his co-workers that he has given to Franklin Roosevelt. They all like him and speak

of him with respect and affection. That is probably why the Democratic National Campaign Committee in the last Presidential election was credited with being the most efficient in the history of the Democratic party. The team work was wonderful. But in the wings, watching the stage every minute, was a diminutive director named Howe."

Arthur D. Howden Smith, writing in the January *Scribner's*, mentions the astuteness, the shyness, and the intense loyalty of Colonel Howe. He contrasts Howe and Howe—Roosevelt's two advisers:

"Aside from a considerable difference in age, background and temperament, there are some striking points of similarity between Colonel Howe and Colonel House. Obviously, they are both colonels, and what might be called reluctant colonels. The titles were unsolicited, Colonel House's having been wished upon him by the late Governor Hogg, of Texas, Colonel Howe's by that splendid lion of the Bluegrass, the Honorable Ruby Laffoon—there is a constant temptation to mispronounce the first syllable—with the idea that it was an essential part of the equipment of any intimate adviser to any President. And maybe that's true. Another more striking similarity between the two colonels is that neither of them desires office or preferment. Likewise they are as one in preferring to work as quietly and anonymously as possible. And they possess in common an extraordinary astuteness in estimating and ordering the devious processes of politics.

"Colonel House is fond of people—as is Franklin Roosevelt—and meets easily men and women of all persuasions, while Colonel Howe (like Woodrow Wilson)

finds difficulty in being at ease with any except his immediate friends. Where House is suave, cordial, a fluent talker, Howe is shy, brusque, diffident, stiff in manner—so much so that he managed to offend numerous men who thought, justly or unjustly, that they had a claim upon his time and attention during the campaign. In all fairness, it should be added that this trait doesn't seem to have harmed Roosevelt's interests, very likely because of Roosevelt's hearty humanness in all personal contacts, which has enabled him to assuage any irritations Colonel Howe might have caused. . . .

"It would be next to impossible to imagine Franklin Roosevelt's career as Governor of New York, through four years of tumultuous years, including two years of skilful jockeying for the Democratic Presidential nomination, without the indefatigable figure of Colonel Howe at his elbow, Colonel Howe, who believes in Roosevelt with a concentrated determination of which Roosevelt, thanks to a keen sense of humor, isn't capable. Howe will stick to Roosevelt, no matter what he does or what happens to him. Roosevelt is Howe's first President, his idol, in a sense the creation of his own genius."

## Two Experts on Russia

By Sidney Webb in *Current History*, and Walter Duranty in *Asia*.

**F**REEDOM of speech, of the press, and of political association are absent in Russia. So is freedom to hold much private property. But freedom in other spheres has been enhanced, according to Sidney Webb, the great British sociologist, who has studied profoundly the Soviet structure. He writes as follows in the interesting *January Current History*:

"We still hear it asserted by those who have not been there that the system of the Soviet Union is one of subjection and virtual slavery. Yet Lord Lothian, who visited Moscow with Bernard Shaw and Lord and Lady Astor in 1931, publicly declared on his return that what was happening in the U. S. S. R. was not the French Revolution, but the Renaissance and the Reformation put together, that is to say, a great emancipation of mankind.

"There is one unfailing mark of slavery, as of any form of enforced service in a particular establishment, namely, the inability to get away. Now, every large enterprise in the U. S. S. R., especially those newly established, complains seriously of the continual turnover of labor. Far from there being any fettering of the workman to his task there is, in actual fact, everywhere an embarrassing degree of mobility in the staffs. It is not at all unusual, in one of the new large factories, for as many as an average of 100 men per day to quit work and

move away to other jobs or other districts. In the gigantic tractor works at Cheliabinsk, for instance, during the first ten days of June, 1932, when a strenuous effort was being made to increase the staff, no fewer than 1,027 men, or more than 100 per day, actually left to seek other employment, while 2,188 new workers were taken on." The Russian worker is free from the fear of unemployment. He is free to work.

"Whereas in Britain and France the workman may freely denounce the very principles of government and bespatter the ministers and the municipal councilors with personal abuse, provided only that he keeps silent about the management of the factory in which he works and refrains from criticizing or denouncing the partners in the firm or the general manager who pays him his wages or the foreman whose orders he has to obey, in the U. S. S. R. the position is reversed. The workman in a Soviet factory would be prudent not to indulge in criticisms of the Marxian philosophy, which he has not the slightest desire to do, or in denunciations of Comrade Stalin, or in doubts about the wisdom of the Communist régime, lest he should get the reputation of being a counter-revolutionary and become an object of suspicion to the police. . . .

"Twenty years ago the Russian woman, in the grades or classes comprising ninetenths of the population, could, unless she had become a widow, never freely dispose of her life or of herself. Today the women in the U. S. S. R. are more effectively freed from sex disabilities than those of any other country. It is not only that illiteracy is being as rapidly got rid of among girls as among boys, and that the woman, like the man, becomes a full citizen at 18,

positions, having as subordinates men as well as women. In the marriage relation there is equality between husband and wife, with equal freedom to divorce and, according to relative capacity, equal obligations of maintenance of mate or offspring.

"The individual American or Briton is in the vast majority of cases just as much compulsorily subjected to an extremely coercive environment as the individual inhabitant of the U. S. S. R. In fact, the Soviet Government claims that by deliberately planning the environment of its people it largely increases their effective freedom of life."

Meanwhile Walter Duranty, most famous newspaper correspondent in Moscow, discusses "rubles at home" in the *January Asia*. His pertinent remarks on Soviet currency run, in part, along these lines:

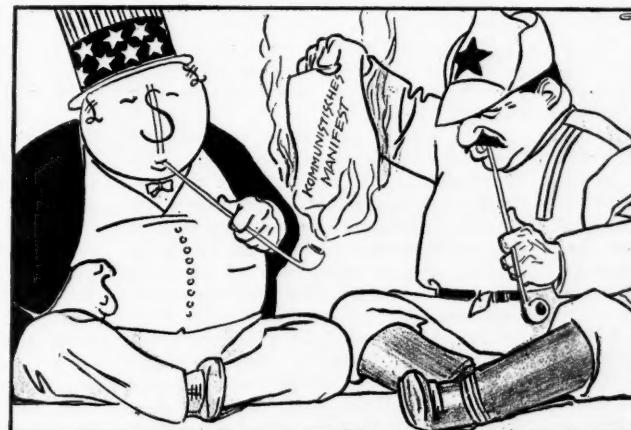
"According to the latest report, the gold reserve of the State Bank amounts to 710,451,541,000 rubles' worth of gold coin and ingots plus 10,750,092,000,-000 rubles' worth of platinum and silver and 20,698,675 rubles' worth of foreign bank notes, all three categories being reckoned at the current world market price of metals and foreign bills. . . .

"In view of its difficulty in obtaining foreign credits abroad, it seems at first sight surprising that the Soviet Union has not made greater efforts to develop the production of gold from the rich deposits in the Urals and Northeastern Siberia, more of which are continually being discovered. The answer is simple—distance, transport, climate, and lack of skilled men and proper equipment. I am nevertheless inclined to think that, even in present circumstances, the annual Soviet gold production might be worth more than the \$35,000,000 to \$45,-

000,000 it totaled last year. Here perhaps more than anywhere else is a fertile field for American enterprise and experience, and I have little doubt that one of the great American mining corporations, acting not as concessionaire but as technical adviser and as supplier of equipment to the Soviet state, could double or triple the annual gold production in a few years at approximately small expense. . . .

"The volume of state-produced food and manufactured consumers' goods has materially increased during the past three years, but the total volume of food and consumers' goods in the country has materially diminished, while currency in circulation has increased

more than 250 per cent. The result has been disastrous to the purchasing power of the ruble, nominally 52 cents. If at the end of 1929 it might have been reckoned at 40 cents (it must be remembered that even in those days prices of food and commodities were high in Russia and 40 cents then had a lower purchasing power than 20 cents in America today), it is now little more than 2 or 3 cents.



STALIN (to Uncle Sam): "Friend Capitalism, as I need more capital for industry, we will smoke the Peace Pipe."

and equally eligible for every elective office. It is not merely that in trade union and consumers' co-operative movements, both of them filling a larger place in life than they do elsewhere, there is no distinction of sex. In all occupations of life women now enter freely on equal terms with men, earning equal rates of pay and often rising by promotion to high administrative and professional

A pound of potatoes, for instance, costs 1.75 rubles on the open market, nominally 90 cents; a pound of sugar, 10 rubles, nominally \$5.20; ten not especially fresh eggs, 7 rubles, nominally \$3.64, and a pair of shoes 150 rubles, nominally \$78. At that it is not always possible to find these commodities at all, even in the markets of Moscow, and the prices I have cited are quite fifteen to twenty times higher than they were in 1928.

"The Bolsheviks have attempted, and to some extent successfully, to alleviate this state of affairs by a system of ration books with low fixed prices. Each worker or employee has such a book, by which he can obtain a strictly limited quantity of food and commodities at far lower prices, prices indeed which compare quite favorably with those of 1928. The ration book does not give much, but enough to feed its holder fairly well and keep him decently clad. The peasants are in a worse plight because many of the commodities destined for them are sold in small towns before they reach the villages, as a result of bureaucratic methods and faulty distribution. In consequence they are tending to lose faith in currency, and to slow down on production, in the belief that the money they receive for additional work is of little use to them. The authorities hope to remedy this difficult situation by forcing the production of consumers' goods at a much greater rate than heretofore. If this represents a genuine increase in production, there is no reason to doubt that the purchasing power of the ruble will correspondingly improve, but, if it only means that the villages are receiving goods at the expense of the urban centers, the process of currency depreciation can hardly fail to continue."

## Why Tax Exemptions?

By Gustave A. Breaux in  
the Christian Register, and  
Henry Hazlitt in Scribner's.

**G**USTAVE A. BREAUX is a leading Unitarian layman, a distinguished lecturer and sociological expert. He has come to the belief that church property should be taxed, and his views are set forth in the *Christian Register* of Boston:

"It is well known that the cost of government must be met by taxes in one form or another as under our economic system there is no such thing as absolute tax-exemption, since taxes taken off at one point must be added at another. And as for the exemption of church property from taxation, the question is fast assuming the proportions of a national scandal, at once discreditable to the church and confusing to the people, as such exemption means indirect state support of religion and a virtual subsidy in violation under the Bill of Rights of the historic principle of the separation of church and state in these United States.

"The tax-exempt church property today in the United States, all told, is considerably over \$4,000,000,000. In its trail, feeding itself upon the vicious principle of tax-exemption, we find the abuse extended to every conceivable exemption devised by the cunning and selfishness

of the human mind, as exemplified in real estate and improvements in the country, exclusive of the District of Columbia and the national forests, which have mounted to the present unprecedented tax-exempt figures of \$20,400,000,000.

"The church has fought hard and consistently to elude taxes since feudal days when ecclesiastical wealth was the joint property of lords and bishops. It was a maxim in the old days that ecclesiastical property be exempt from royal tax. Possibly the church gave in medieval times a *quid pro quo*. Today is different. The church, however desirable, is no longer the only moral agency of the community. There are other agencies promoting moral and social welfare that must be considered.

"The indisputable fact that challenges the country's best thought, especially at this critical time when tax-paying ability is at the point of confiscation of property and crippling of enterprise, is that the churches of the country are the owners of billions of dollars' worth of property on which they pay no taxes. And furthermore they put into their own coffers profits made from the rise in land values for which the community at large is entirely responsible, the so-called unearned increment. Trinity Church in New York City has a yearly income of nearly \$2,000,000 from its tax-free investments. Large cathedrals costing from \$5,000,000 to \$7,000,000 are rising in metropolitan cities whose whole tone and atmosphere breathe wealth, luxury, and extravagance. The lot on Fifth Avenue in New York on which St. Patrick's Roman Catholic Cathedral is located has increased \$10,000,000 since it became church property and tax-exempt. Temple Emanu-El a few years ago realized a clear million dollars on its property on Fifth Avenue. The Madison Avenue Methodist Episcopal Church netted \$650,000 by selling its site in New York City and moving around the corner. But why multiply instances? Should not these religious organizations pay taxes?"

Henry Hazlitt, writing in the January *Scribner's*, is in close agreement with Mr. Breaux. Dealing with tax exemptions, he declares that the churches are virtually subsidized by the government. For every taxpayer has to contribute to church support regardless of his own religious beliefs or lack of them—since churches pay no taxes although they benefit by our expensive public services.

"And this arrangement has the overwhelming support, or at least acquiescence, of public opinion. A few professional atheists and free-thinkers protest against it, but their protests are regarded, even by most other non-religious persons, as academic and slightly ridiculous. Nonetheless, when we examine the matter closely it would appear that we are supporting some rather strange principles of subsidy. We are, of course, compelling those of our citizens who do not adhere to any religion, who may even believe that religion is essentially superstition, nevertheless to contribute to its support. But we are doing much more than this. We are compelling our Catholic citizens to contribute to the support

of Jewish synagogues; we are compelling Jews to contribute to the support of Baptist churches; we are compelling Baptists to contribute to the support of Christian Scientists.

"And how is the amount of this support determined? Let us suppose that the subsidy to the churches, instead of being made in the present left-handed manner, were made directly. In other words, let us suppose that church property were asked to pay the same tax in proportion to its value as other property, and that the local city government were then to fix upon a definite subsidy to be paid to the churches. Would this be fixed in accordance with the relative services that each church performs for the State? Would it be fixed in proportion to the number of communicants? Or would it be fixed in proportion to the wealth of the church—the more expensive the church, the bigger the subsidy? The last principle would seem to be the most unfair of all; but that is the principle on which, actually, the subsidy is granted by tax exemption.

**M**ORE dubious is the tax exemption to lodges and the property of fraternal orders like the Masons, Elks, Moose, Odd Fellows, and Eagles, not to overlook the American Legion. The exemption, it is true, is not complete; it is not supposed to apply to that part of the property of these organizations that is used for a clearly commercial purpose. Yet every exemption of this sort of course increases the tax burden of those not exempt. . . .

"Whatever may be said of the comparative harmlessness of the tax-exempt bond up to the present, it remains vicious in principle, and always a potential threat to our tax structure. Even if it were true at present that the government saved more in interest charges by making its bonds tax-exempt than it lost in taxes by the same act, the tax-exempt bond could still be defended only from the narrow standpoint of government fiscal policy, and not from the broader standpoint of general social policy. For the tax-exempt bond offers immunity precisely to those unearned incomes that ought to pay, and in Great Britain do pay, a higher rate than earned incomes.

"During the new era we did not worry very much about what such luxuries were costing us. We were rich; what did we care about a few hangers-on? Weren't the Elks and the Odd Fellows doing good? What did we want to tax their property for? But now that our wealth and income have shrunk appallingly, while taxes remain either where they were or higher, it may begin to occur to us that the farmers, for example, whom we tax very easily, are, to put it no more strongly, at least as necessary to the welfare of the United States as the Odd Fellows or even the American Legion. It may even occur to us that, every time we exempt somebody from taxation, we are putting an added burden on everybody else. It is time to take a look at the privileged. It is time to examine the army of the tax parasites. It is time to ask a few of these strong men, dressed up as dear old ladies, to carry their own bundles."

# Good Inexpensive Food



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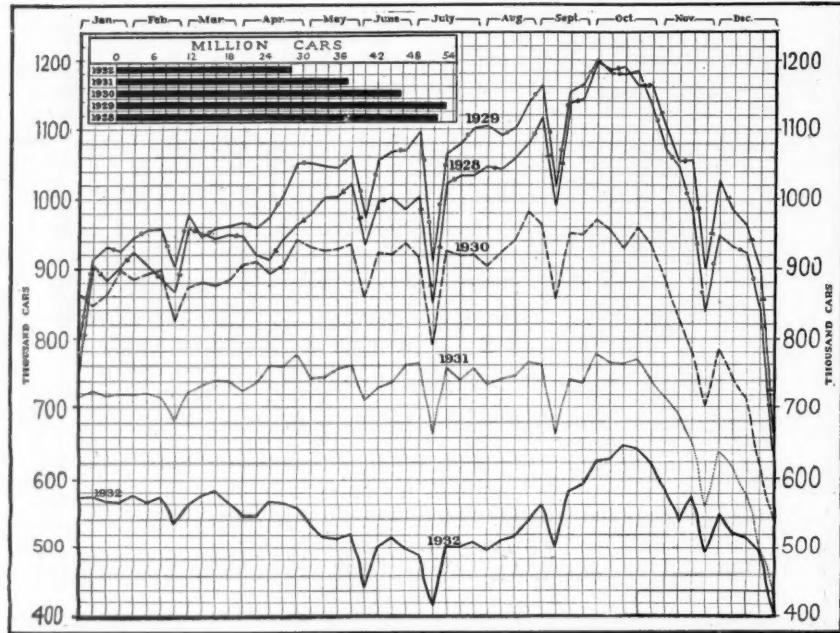
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# FACTS and TRENDS in FINANCE and BUSINESS

○ ○ ○ As Seen Through Our Roaming Periscope ○ ○ ○



Carloadings of revenue freight. The chart shows the ever receding level of business from the peak year of 1929. Each vertical line represents a week. Each horizontal line equals 20,000 freight cars. The heavy bars in the upper corner show yearly totals.

## Congress Looks to Farm Parity

**A** DEMOCRATIC House on January 12 tossed into the lap of a Republican Senate what is known as the Farm Parity bill. Earlier it had been called the Domestic Allotment plan. Officially it is styled: "A bill to aid agriculture and relieve the existing economic emergency."

This measure is supposed (in its original form) to have the approval of the new White House tenant, and the disapproval of the one who moves out next month. Even if it should pass the present Senate—of which there is some doubt—it is the sort of legislation which has previously earned the conservative Hoover veto.

It was sponsored in the House by Hon. Marvin Jones, Representative from Texas and chairman of the Committee on Agriculture. Introduced in the lower branch on January 3, discussion was begun within two days, and the measure was honored with right-of-way until its passage a week later.

Four "basic commodities" were selected by the committee—wheat, cotton, tobacco, and hogs—"by reason of the fact that the prices for these are a controlling factor in establishing prices for other domestic agricultural commodities, and that exportable surpluses

of these commodities or products thereof are ordinarily produced in such quantities as to make prices on world markets a controlling factor in establishing domestic prices, and that substantially the entire production of these commodities is processed prior to ultimate consumption."

Direct benefit is provided for the producer. The freedom of any farmer to produce or sell as much as he wishes is not affected; but to receive benefit he must this year reduce by 20 per cent. his previous acreage of wheat, cotton, and tobacco, and his tonnage of hogs. There is provision for extension of the plan through a second year by presidential proclamation. Acreage thus reduced must not be utilized for the production of any commodity which in the opinion of the Secretary of Agriculture is likely to have an exportable surplus.

The object is to restore pre-war purchasing power for agriculture. "Adjustment certificates" are to be issued to the producer, upon the marketing of these commodities, if proof is given that the claimed amount has been marketed and that there has been an appropriate reduction in acreage or tonnage. Certificates will be given in face amount "equal to the difference between the

price being paid producers at local markets and the pre-war or fair exchange value of the commodity," less a small deduction for costs.

Certificates will cover only so much of the commodity marketed as it is proclaimed by the Secretary of Agriculture will be required for domestic consumption. Exportable surplus will not be entitled to benefits. The certificates are to be negotiable, in two parts: one redeemable in thirty days and the other in six months thereafter. They are redeemable at the Treasury or other designated agency.

The worst phase of this allotment scheme is here, where tens of thousands of local agents will be ladling out a new form of currency. One can vision a staff of measurers and watchers, on the farm and at the market, reminiscent of prohibition enforcement—with some of the attendant graft evils.

We are assured by the majority report of the committee that the measure is self-supporting, though it will "undoubtedly cost the consumer something." A ruined agriculture, it is suggested, would be far more costly.

How is the money to be raised with which to pay the farmer? "Amounts sufficient to pay the benefits to producers are to be realized from the adjustment charges to be paid on the processing of the commodities covered." A Congressman from Massachusetts estimated that the adjustment charge on the processing of cotton means that the cotton farmer of the South would receive \$30 more for each bale (we figure it as only \$15), and the textile manufacturers of the country would be assessed \$20,000,000. The Cotton Textile Institute warns that the plan means increases in the price of cotton fabrics and yarns, ranging from 15 to 60 per cent.

Farm parity aims to restore a price of 75 cents a bushel for wheat, 9 cents a pound for cotton, and 5 cents for hogs. Thus the wheat farmer who may receive 40 cents a bushel from the purchaser will also receive 35 cents from the Government, in the form of a certificate. The Government gets the money back from the flour mill, as an adjustment charge for processing.

During the course of the bill through the House, amendments from the floor added rice, peanuts, and butter fat to the original four commodities; and to many observers they seemed to destroy the high purpose of the plan. Other amendments moved forward the effective date of certain provisions.

In brief, "farm parity" or "domestic allotment" seeks to improve the status of the farmer, restore his purchasing power, check over-production, and pay for it all with a pretty big sales tax on the manufacture of those commodities which are benefited.

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## Half as Many Freight Cars Loaded

A DEPENDABLE measure of business done throughout the country, week after week and year after year, is the series of weekly reports of the American Railway Association—"cars of revenue freight loaded." In mid-January comes the report which covers the final week of 1932, and permits a comparative analysis of three years of depression with the last year of prosperity.

Here are the figures:

1929	52,827,925
1930	45,717,079
1931	37,151,249
1932	28,194,828

Thus we find that the year just ended saw the railroads doing a revenue freight business barely more than half that of the peak year 1929. Each year not only fell behind its predecessor, but the rate of loss progressed from 7 to 8 and finally to 9 million cars. Instead of approaching stability, the picture has grown ever more serious.

The greatest percentage of loss came in the movement of ore, which in 1932 was only one-tenth what it had been in 1929. Forest products fell off in the three years from more than 3 million cars to less than 1 million. Grain fell off from 2.3 million to 1.6, and livestock from 1.4 million to .9. These items make the best showing of all. Ore moved at one-tenth the 1929 rate.

Miscellaneous freight—the best index of general prosperity—fell off from more than 20 million cars in 1929 to less than 10 million in 1932.

Such are the statistics; and the only opportunity for joy is that several months during the second half of the year showed an upward trend.

### Leases

#### as a Liability

THE GREAT depression has taught many lessons and brought forward strange situations. Among them is the new status of the lease. Last month the founder of a widely known chain of tearooms in New York thought it necessary to go through bankruptcy in order to be relieved of leases that are at present financially embarrassing. Formerly they were a chief asset.

An even more famous chain of cigar stores is being sued by a stockholder who claims that the directors of his corporation in days of prosperity speculated in real estate, for cigar-store sites, dissipating millions in earnings that should have been paid out as dividends.

More suggestive still is an obscure statement in the ever-changing and quite complicated Radio City set-up (in New York), where settlement of a lease for space not now needed, in a skyscraper then not completed, cost a company 100,000 shares of its preferred stock currently worth about \$20 per share. Rockefeller Center, in other words, as we read the agreement, cancels a lease in exchange for stock that has an apparent value of \$2,000,000.

Leases are not discoverable on balance sheets, as liabilities, but they may quickly take on that status in times like these.

## R. F. C. Is Now a Year Old

PRESIDENT HOOVER signed the act creating the Reconstruction Finance Corporation on January 22, 1932, and it organized for business on February 2. Reports are not available for the full year of its endeavor, but we know that in the first ten months (ending November 30) this emergency relief agency of the Government loaned the huge sum of one and a half billion dollars.

The first authorization by Congress permitted the Corporation to acquire resources of \$2,000,000,000. This was later increased to \$3,800,000,000 under the Emergency Relief and Construction Act.

Up to November 30 the Corporation had borrowed \$1,200,000,000 in cash, all furnished by the Treasury. To obtain that sum it sold the Treasury its entire authorized capital stock of \$500,000,000 and gave its notes for \$700,000,000.

The Corporation lends its funds at interest. Typical present rates are: 5 per cent. upon loans to banks, insurance companies, and the like; 4½ per cent. upon loans to receivers of closed banks; 5½ per cent. upon loans to railroads. Emergency relief loans are made in some instances as low as 3 per cent., though states pay 4½. This scale represents a recent reduction of one-half of 1 per cent.

If the scheme succeeds, the Corporation makes a profit of from 1 to 2 per cent.; and since the sums involved are enormous, the profits can be material. Meanwhile the Treasury itself also makes a current profit, for it has been charging the Corporation 3½ per cent. during all these months when it has been able to borrow at less than 1 per cent.

Here is a strange situation, with the Government borrowing freely from banks and insurance companies (for there is no popular subscription as in war days), in order to lend to other banks and insurance companies, and railroads and farm-

## Uric Acid

# ACHES?

■ Are you bothered with annoying pains in your arms or legs? Not serious enough to take to a doctor, you may think . . . but don't be too sure. Excess uric acid, neglected, leads to acidosis, rheumatism, kidney derangements.

The caffeine in ordinary coffee has a tendency to produce uric acid. Try dropping it out of your diet.

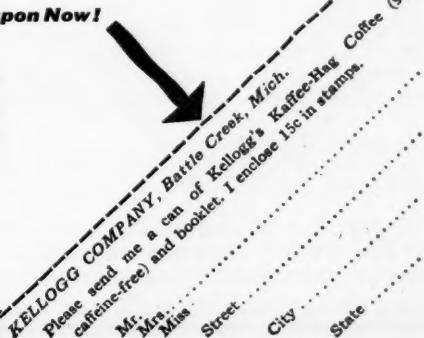
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Send 15 cents in stamps for a can of Kellogg's Kaffee-Hag Coffee and a booklet on coffee and health. Use this coupon.



ers and states, with an extraordinary margin of profit if all goes well. It is interesting to note that applications from financial institutions declined from 1527 in April to 576 in November.

The Corporation is also to include in its report the statement that money loaned during earlier months is already finding its way back to the cash drawer—paid back by the borrowers as they get on their feet or as fears diminish. That, of course, is the theory of "revolving funds," of which R. F. C. loans are a striking example.

• • • PENNSYLVANIA Railroad electrification has proceeded so far that the line from New York to Wilmington, Delaware, is to be in operation on the first day of February. It should not be long before the whole stretch from New York to Washington is ready. This is the most important electrification project in the East since that of the New Haven system (New York to New Haven), now some twenty years in use. Running time by steam train between New York and Washington was materially shortened on the Pennsylvania last year; the new system may show still further speed.

## Hoarding: A Glance Backward

REPORTS were current after the Christmas season that money withdrawals from banks—in the New York district, for example—had been hardly more than

half as extensive as usual. This could be interpreted to mean either that buying was in smaller volume, or else that it was financed with money previously in hand.

We have been interested to look back over the monthly reports of the Treasury which show the amount of money in circulation (which means outside of the Treasury and Federal Reserve banks). Last summer conditions were at their worst as measured by other things as well as fear, with money in circulation reaching 5 billion 726 million on July 31. Three months later improvement was evident in every direction and by every standard of measurement; so we find that the amount of money in circulation had fallen off (had come out of hoarding, that is) to the extent of 100 millions. Since then the holiday seasonal demand fogs this barometer a little.

Relaxation from the tendency to hoard must go on for 800 millions more, however, before the amount of money in circulation is brought to that reported on July 31, 1931 (one year before the high point), which was 4 billion 837 million.

About one-twelfth of our money in circulation is in the form of gold coin and bullion. Nearly half of the total is made up of Federal Reserve notes.

## Journeys in Simple Economics

THE FARMER's plight is just about awful. But "from all quarters (says the De-

partment of Agriculture at Washington) is confirmed the story of the migration from town back to the land."

• • • Hogs have been playing tricks with the inexorable law of supply and demand. Worth \$3.19 a hundred pounds in May, they rose to \$5.50 in July, and were back at \$3.25 last month. Over-production because of rising prices? But you can't grow hogs that fast.

• • • A SPEAKER demonstrated recently (to his own satisfaction), first, that Europe can pay war debts only in gold, which it does not possess; second, that Europe can pay if it spends less on armament. Thus was it suggested that battleships are made of gold.

## The Bond Market

EARLY in January the price level of bonds (railroad and industrial) began to rise, noticeably and continuously. Most students believe that such a rise must precede improvement in any other phase of business.

Bonds were at their lowest, during 1932, on the 1st day of June. Their high point was on August 23. In the last quarter of the year there was a moderate drift downward. But every day throughout the first half of January witnessed new gains, for second-grade as well as first-grade bonds.

## A BASIS FOR RECOVERY

From the January "Letter" of the National City Bank of New York.

IN THE PAST six months a ground for business recovery has been laid that had not existed hitherto in the depression. Taking the period in its entirety its outstanding characteristics have been these:

1. The contraction of credit has been halted, and the volume outstanding is larger at the end of the period than at the beginning. The financial situation has improved steadily, and the growth of confidence in the country's money and in the general solvency of the banking system has relieved the pressure on credit and thus removed one of the causes of deflation. Funds have piled up in the centers, available to business when trade relationships are restored.

2. The decline in business activity has been stopped, and the level is higher at the end than at the beginning. The third quarter was a period of improvement and marked gains in activity. Recession during the final quarter has been moderate in most particulars, not materially exceeding the seasonal expectation.

3. The decline in prices was stopped, and despite subsequent reactions, stocks and bonds hold well above bottom, while commodities are but little under the June low.

4. The piling up of commodity stocks has been checked. Although in the raw materials the improvement is not very

substantial, stocks of manufactured goods in all lines are conspicuously low, and much below a year ago. The small stocks of automobiles in dealers' hands are an example.

This is the first half-year period since the beginning of the depression of which the fore-going could be said.

Obviously it is of great importance that the deterioration of business in these respects has been stopped for as long a time as six months. This creates a basis of stability heretofore lacking, and the history of past severe depressions supports the idea that this is a necessary and usual precedent to improvement.

## BUSINESS AND FINANCIAL OUTLOOK

By Roger W. Babson  
From his New Year statement.

BUSINESS in 1933 will total at least 10 per cent. greater than in 1932. I refer to the volume of business, measured in tons, bushels, gallons, dozens, and other units of quantity. There is another way to look at business, namely, its money value in dollars. In general, prices will tend to advance. Hence, under the double lift of bigger volume and higher prices, the dollar amount of business will total at least 15 per cent. above that of 1932.

If we agree that the worst was witnessed in the summer of 1932 and that the main movement is improvement, then we can better visualize that bonds will

strengthen; stocks will rise; jobs will increase; failures will lessen; losses will turn toward profit, deficit into surplus, defaults toward dividends, closings into openings, and fears into hopes.

The highlight should be an upward trend of wholesale commodity prices. The rise will be irregular and broken by seasonal weaknesses, and by corrections for too rapid advances. The main axis of the price movement, however, should be upward. Strongest groups will comprise raw materials and semi-manufactured products.

In July, 1932, the stock market reached its final low. That month marked the death of a bear market and the birth of a bull market. In the market, as in many other fields of activity, the exceptional profits go to the pioneers. There is an economic law which puts a premium on promptness, and the United States will not be offered at ten cents on the dollar very long. Investors must pick and choose with care, however.

Two basic tendencies in the bond market are indicated: Long-term government bonds will tend to decline; corporation bonds will tend to advance. In 1932 there was a blind rush for safety. Now that the corner has been turned, investors will gradually seek higher yields. They are too nervous in the early stages of recovery to buy stocks but too needy to stick to governments; so they will pick the middle ground and buy corporation bonds.

## The March of Events

Continued from page 46

resumes hostilities with a three-day attack on the Chinese city of Shantung ending successfully on January 3. (See page 38.)

RIOTING is widespread in Spain (January 9) as anarchists and communists unite in an attempt to overthrow the republic and inaugurate a Soviet government. In several towns where fighting is most severe, local Soviets are established but become immediate targets for police bullets. General strikes are called in the attempt to seize control.

### Business

Rail wages down . . . Americans in Nicaragua . . . End of a monopoly.

RAILWAY labor accepts (December 21) a nine-month extension on the 10 per cent. wage reduction agreement scheduled to end January 31. At the extension's end, wages will be adjusted to basic rates determined under the Railway Labor act. Representatives of twenty-one rail labor unions and a committee of railway managers conducted the negotiations, affecting 1,000,000 men and saving the roads \$112,000,000.

AMERICAN business interests in Nicaragua are left under the protection of that country as the last contingent of 700 American marines leaves (January 2). Marines entered in 1926, when Nicaragua asked for aid in protecting American lives and property from the effects of civil war then in progress. Three presidential elections were supervised during the period, the last of the total 7000 marines leaving two days after inauguration of President Sacasa.

THE national nitrate monopoly in Chile, the Nitrate Corporation of Chile (known as Cosach), is dissolved by order of President Alessandri (January 2). At the time of its founding in 1931, its assets were \$750,000,000. Dissolution is brought about because Chile claims that foreign interests, largely American, are benefiting unfairly. The excuse for the action is that the monopoly was founded illegally.

### Foreign Governments

Germany returns to Geneva . . . Russo-Chinese relations . . . End of the first Five-Year Plan.

JAPAN offers the Geneva Disarmament Conference her plan for reducing navies (December 10). Forces of powerful description would be subject to quantitative and qualitative reduction; but the result would be to give Japan a higher ratio, compared with the United States and Great Britain, than that authorized at the London Naval Conference. Definite suggestions are not made for reducing auxiliary fleets. These arrangements would be made at conferences of four regional groups: Atlantic, Pacific, European, and South American.

Continued on page 58

## If it was true then, it's true Now

In 1928 THOMAS A. EDISON said of the Electric Industry:

# "Development has only Well Begun"

TWO and a half million electric refrigerators, nine million radios, half a million ranges, to cite a small part of progress, have been installed in millions of homes since 1928. On more than a quarter of a million farms motors have replaced muscle, and the number of industrial customers has increased by 63,000.

### Yet Today . . .

50% of wired homes do not use electricity for more than lighting and the flat-iron.

89% of farms are without electric power.

45% of industrial power is not furnished by electric utilities.

The statement—"Development has only well begun," is still true.

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electric customers who, during the last two years, increased their use of electricity at a faster than average rate. The purchasing power of these customers is well up to the national average.

Yet of the total number served, only . . .

1 out of 6 owns an electric refrigerator.

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1 out of 33 owns an electric range.

The installation of these three popular appliances increases four-fold the amount of electricity used.

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Booklet, rate schedule, and information will be gladly forwarded upon request to the New Princess Hotel, Bermuda, or any authorized Travel Bureau.

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"Please report on Hahn Dept. Stores convertible preferred and its dividend prospects; also Broadway Motors Bldg 6s of 1948."

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## The March of Events

Continued from page 57

GERMANY rejoins the Disarmament Conference (December 11) as she, France, England, Italy, and the United States sign a statement of chief arms objectives of the five nations. England, France, and Italy pledge German arms equality under a system guaranteeing security to all. All except the United States indicate willingness to join a European agreement renouncing war. The United States joins the others in a pledge to attempt prompt solution of the arms problem.

RUSSIA AND CHINA resume diplomatic relations (December 12), broken off in 1929 over disputed control of the Chinese Eastern Railway. Russia now pledges herself to aid Chinese development; and both governments agree to joint management of the railroad.

THE French Chamber of Deputies gives the new cabinet of Joseph Paul-Boncour—successor to Premier Herriot—its first vote of confidence (December 22). The new cabinet's complexion is similar to the one it replaces, and believed favorable to prompt French payment of the December war debt instalment, the position which cost Herriot the Chamber's confidence. Herriot had refused to cooperate in forming the new cabinet. Camille Chautemps had failed to form one before the task was given to Paul-Boncour.

THE third Indian Round Table Conference ends in London (December 24). Leaders express the belief that although no date has been set for granting Indian independence, definite progress has been made toward completing a constitution; and say that England and India have developed a spirit of co-operation.

SOUTH AFRICA, the world's greatest gold-producing country, goes off the gold standard (December 29). This action follows two hectic days during which Premier Hertzog's government, in an attempt to bolster dwindling reserves, had tried to go off gold internally while meeting foreign obligations on a gold basis.

EMANUEL DE VALERA, President of the Irish Free State, exercises his right over the Dail, lower house of Parliament, by dissolving that body (January 3) and ordering a general election for February 8. His action is unexpected, and taken before the Dail has a chance to censure his government by refusing it a vote of confidence on the issue of lower pay for civil service employees.

JOSEPH STALIN, speaking in Moscow (January 9) on completion of the first Five Year Plan period, says that plan objectives have been 93.7 per cent. realized. Soviet leaders otherwise admit that production quotas have not been fully met; but they contend that a firm groundwork has been laid for eventual success of the Collectivist ideal. Possibilities of a food shortage are minimized.

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But still a large number continued to pay the hat toll charge. The custom was annoying to our patrons. We disliked it, too. So we decided *something conclusive had to be done*. Now we've done it. The attendants, hereafter, *cannot and will not accept a tip*.

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WIND-BLOWN PALMS and blue and azure lagoons . . . that is Hawaii. The distant Honolulu shore is dotted with many pleasant homes.

Photograph from  
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can attain only in the most fundamentally satisfying conditions.

I would hazard the opinion that the reactions of man to his physical environment are more deep-seated than we have ever realized. For all the ages that man has been on earth he has had to battle with the natural elements. Flood and tempest, heat and cold, have been his enemies from the beginning. The satisfaction that most of us experience under our own roof-tree is due to a sense of security not only against foes of our own kind but also against all the physical hardships of exposure. On the other hand, we have developed a sense of nervous tension and anxiety in the face of dangers, which causes us to avoid by all means in our power that which threatens our continued existence.

Conversely, we are at ease, and have a sense of well-being and security, in a place where nothing threatens. I believe that still waters, the calm of the evening, or peaceful pastures appeal to all of us because they suggest that security which man, ever since he began to wander on earth, has always sought. In fact, we must be assured of our own security before we can enjoy any of the great upheavals of nature. A storm at sea is a wonderful sight—from dry land—and we can all enjoy the howling blizzard best from our own firesides.

I suggest, then, that the psychological basis of the home-feeling that Hawaii develops is as deep as human nature itself, and that it is due to the subconscious sense of security that is engendered by equability of climatic conditions. Of course it can rain in Hawaii, and rain hard; but there is no time when a patch of blue sky does not promise the sunshine that so soon follows. It can be unpleasantly warm at times; but even in the dog days of September and October, the clouds hang softly round the mountain tops, hinting that cool trade winds and cleansing showers are only at most a day or two away. There is no perfect climate anywhere on earth, but here at least the sun never stands "all in a hot and copper sky at noon" or any other time; nor is there a place in the islands where thunderheads gather or storm signals fly. Day follows day in peaceful procession, and if you will only let Hawaii have its way with you, that nervous, feverish, hurrying spirit that is the bane of modern existence will be exorcised and disappear.

This is so true that to many it seems a drawback to life in the South Seas. Such peace and quiet, they are afraid, spell somnolence. Indeed, it has been seriously stated that outdoor conditions are so idyllic that it is impossible for any real work to be performed here.

*Continued on page 63*

## Home in Hawaii

By S. D. PORTEUS

Professor of Clinical Psychology, University of Hawaii

This be the verse you grave for me;  
Here he lies where he longed to be,  
Home is the sailor, home from the sea,  
And the hunter home from the hill.

—R. L. Stevenson.

THE AMERICAN PEOPLE have taken just about thirty years to realize that the annexation of Hawaii in 1898 extended the United States two thousand miles westward, and that living in Hawaii they are as much at home in their own country as they are in Florida or California. For twenty years Hawaii was a place to read or dream about; then it became a place to visit; and now in people's minds it is rapidly coming to be considered a place to live.

If you are normal in your pursuit of happiness, the question no longer is whether the lure of the islands will get you, but just how long it will take. Ordinarily it takes about twelve to eighteen months' residence to convince the average person that there is no other place on earth in which to live and find happiness in as satisfying measure as in Hawaii. Of course if you are a Robert Louis Stevenson, and have his love of quiet beauty and his content of mind, then the islands are going to entrance and enslave you sooner. But whether it takes months or years, you may be assured of the growth of ties that will drag you back again and again until home and Hawaii come to mean the same to you.

What is there about the islands of the

South Seas that grips one so? What made a man like Stevenson write for his grave on Vailima the verses that are at one and the same time the most poignantly beautiful epitaph and the loveliest tribute to the charm of a place that ever were written? Suffering and disease could not blind his eyes to this charm. Is there not something mysterious in the fact that a land so strange and exotic in its beauty, so unlike all that we became accustomed to in our childhood, should displace altogether those early ties and come to mean home to us?

For such a lure there must be a psychological basis. It is not beauty, for other places have that, and of a grander type than anything Hawaii has to offer. It is not entirely climate, for one would wish for a little winter now and then to help us to appreciate this eternal spring. It is not these well-advertised warm seas and skin-caressing breezes of Waikiki, for it is the tourist and not the resident who becomes the beachcomber.

Perhaps it is not possible to put one's finger on any single feature—it may be that the charm of Hawaii is compounded of all of these. From the psychological viewpoint, however, this thing is certain: that if you live long enough in the islands, your whole nervous organism seems to become adjusted to an even tempo of functioning so that there comes about a gradual realization of optimal conditions, a sense of well-being that we

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# HAWAII



## A New Crisis in Manchuria

Continued from page 38

over certain important taxes, and in selecting executives. There would be a board of foreign advisors "of whom a substantial proportion would be Japanese."

Japan and China are asked by the Lytton Commission to agree to three special treaties. One would give Japan free participation in the economic development of the region, continued rights in adjacent Jehol, the right to settle and lease land; and it defines the rights under which the rival governments would operate the disputed railroads. Another treaty would guarantee mutual assistance, conciliation, and non-aggression. The third would pledge the nations to encourage a mutual exchange of goods.

The commission which produced this monumental report was formed in accordance with a League of Nations resolution of December 10, 1931. Instructed to examine the causes, development, and status of the issues between China and Japan, and to recommend a solution which would consider the fundamental interests of the two countries, its members left Geneva just a year ago. France, Germany, Italy, Great Britain, and the United States—the only non-League participant—each had a single member, under the chairmanship of the Earl of Lytton. The United States was represented by Major Gen. Frank Ross McCoy, who has had wide experience in Far Eastern affairs.

In August, when it became known that the report would censure Japan, Secretary Stimson enunciated the doctrine of non-recognition of situations created in disregard of existing treaties. A month later, after completion but before publication of the report, Japan officially recognized Manchukuo as an independent state.

The series of delays which had held up publication of the report finally came to an end, and on October 2 it was released. League opinion was largely favorable, except in France, where Japan was accorded sympathy.

Then began a long series of diplomatic efforts to avoid forcing the League to express definite approval. On November 21 the League Council met to consider the report. Japan and China each spoke, but no definite conclusions could be reached and a recess went into effect on November 28.

The scene changed next to the Assembly of the League, which met in special session on December 6. Unlike the Council, which is composed of fourteen member-states, all members of the League of Nations have an equal voice in the Assembly. Ireland, Czechoslovakia, Sweden, and Spain spoke in no uncertain terms of their dislike for Japanese methods, urging the Assembly to accept the report and thus censure Japan. The large powers maintained silence, hoping to avoid affronting Japan. By now it was apparent that the chief thought in the leaders' minds was to avoid an open break. Irritated by the attacks of the little powers, and possibly emboldened by the large powers' un-

willingness to commit themselves, Japan's spokesman two days later flatly told the Assembly that no action would change her Manchurian policy, and that she was mightily tempted to leave the League completely.

It was the precise situation which the large powers had wanted to avoid. They managed to shift the scene from the Assembly and the expressive small nations by turning the whole matter over to the Committee of Nineteen. This body, made up of League members, had been formed last March. It assisted in the May truce which led to Japanese evacuation of Shanghai.

The Committee of Nineteen, on December 15, took the first definite steps in the whole process of dodge and delay. It voted to make itself a special conciliatory committee not under League control—this to make it possible to ask United States and Russian participation in attempting to arrange settlements. More important, the committee decided to base its actions on the first eight chapters of the Lytton report; and to attempt to follow the general lines of the last two chapters in making its final settlement. The doctrine of non-recognition was affirmed. The Nineteen then adjourned until mid-January, authorizing Britain and Belgium to use the interim in trying to secure Japanese participation—a difficult task.

The outlook for prompt settlement is not encouraging. Japan, for the present, is almost certain to refuse conciliation under the terms of the Committee of Nineteen's resolution. Having committed itself to these, the committee cannot propose other terms without incurring the displeasure of small League members. Thus the problem would return to the Assembly and Council.

Above all, the League does not want an open break with Japan. Her participation will be increasingly necessary. Japan, in spite of her threats, would probably hesitate long before withdrawing, for that action would certainly earn her the lasting disrespect and distrust of the world. In addition, she is probably thinking of her Pacific mandates—between the Philippine and Hawaiian Islands—which she would have to return to the League. Leading members, fearful of precipitate action, must hope that there can be further temporizing and a gradual change in the Japanese attitude. This might come through difficulties at home—for Japan is now undergoing a type of currency inflation and struggling under a terrific national debt—and in the administration of Manchukuo. Such troubles might force a Japanese change of heart and make her more willing to listen to suggestions.

Temporizing, aside from being the best method of keeping the eastern difficulties localized, may thus prevent a threatened League collapse. So, all eyes are once more on Japan—on her militarists and statesmen: her militarists at Tokyo and in Manchuria; her statesmen at Tokyo and Geneva.

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## Home in Hawaii

Continued from page 60

Hawaii. People point to the easy-going nature and disposition of the Hawaiian as proof that indolence becomes the inevitable habit of those who adopt the islands as home. Unfortunately the Hawaiian is often idle because civilization has made him so. In the old days when heavy canoes had to be piloted across fifty miles of channel between the islands, when steep mountain trails were the only roads inland, and warfare was almost continuous, the Hawaiian was anything but indolent. Can you blame him for preferring automobile roads and steamships to mountain trails and outrigger canoes?

AS A MATTER of fact, you can be just as energetic as you have to be. How much work you will do depends on what spurs you on. Industry and science present so many interesting problems that for a considerable time at least men of large mental energy and active temperament will be attracted here. Such men will work in any climate, and so far they do not seem to be very somnolent.

It may be true that it is a little difficult for people who live here in Hawaii to become greatly disturbed over things that excite many on the mainland, just as Americans have an attitude that is somewhat aloof from the problems of Europe. This indifference is born of distance, not laziness. Left to ourselves, an attitude of perfect tolerance might easily become characteristic of our behavior. But I would venture the suggestion that our very geographical position, where the West ends and the East begins, brings us in such close touch with world problems that we are subject to constant social and political stimulus. When all the world is at rest then Hawaii can afford to go to sleep, but not till then.

Provided that there is no great shift in present conditions, it is not difficult to predict that Hawaii will ultimately contain one of the most intelligent and well informed communities to be found anywhere in the world. Just as our pressing problems of industry keep us awake scientifically, so our geographical position will not admit of us going to sleep or remaining insular or self-centered politically. Then, too, this place bids fair to be a caravanserai of very notable men.

Hawaii, then, offers these things: a home on United States territory; natural beauty; a friendly climate rather than one always to be fought; peace and quiet, but full opportunity for activity.

For those who come merely to visit, Hawaii may remain a playground. For them there are beaches and palms, moonlight and whatnot. I would also be willing to throw in for good measure ukuleles and hulas and leis, or native feasts of the civilized variety. But as a home Hawaii offers much more than that. It offers true relaxation in the sense of a new adjustment to life. Those who seek this kind of happiness Hawaii will satisfy.

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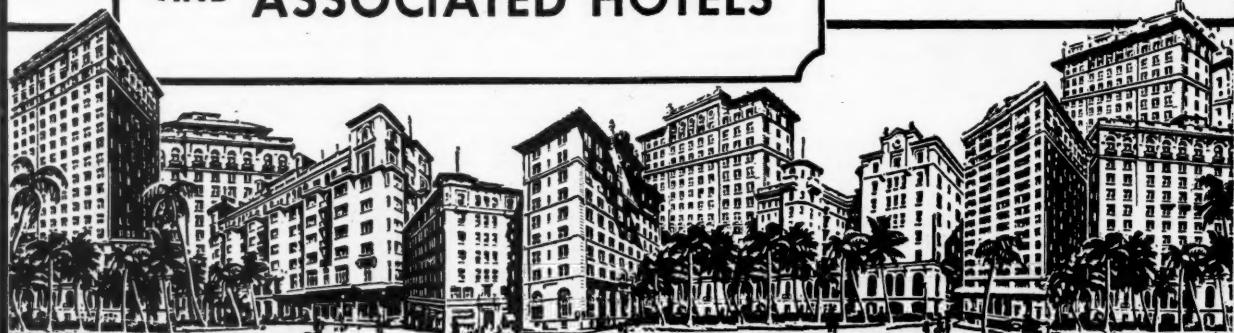


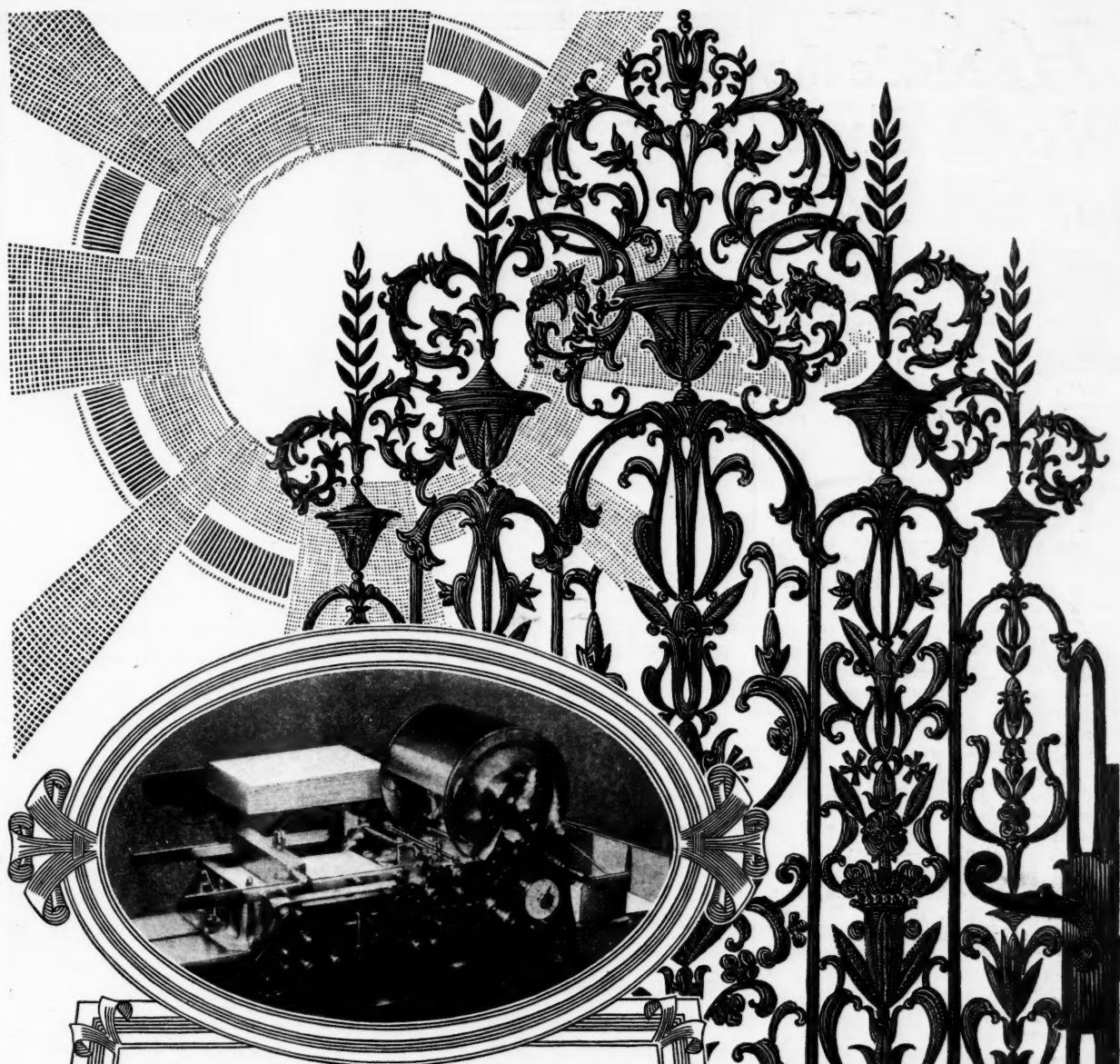
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